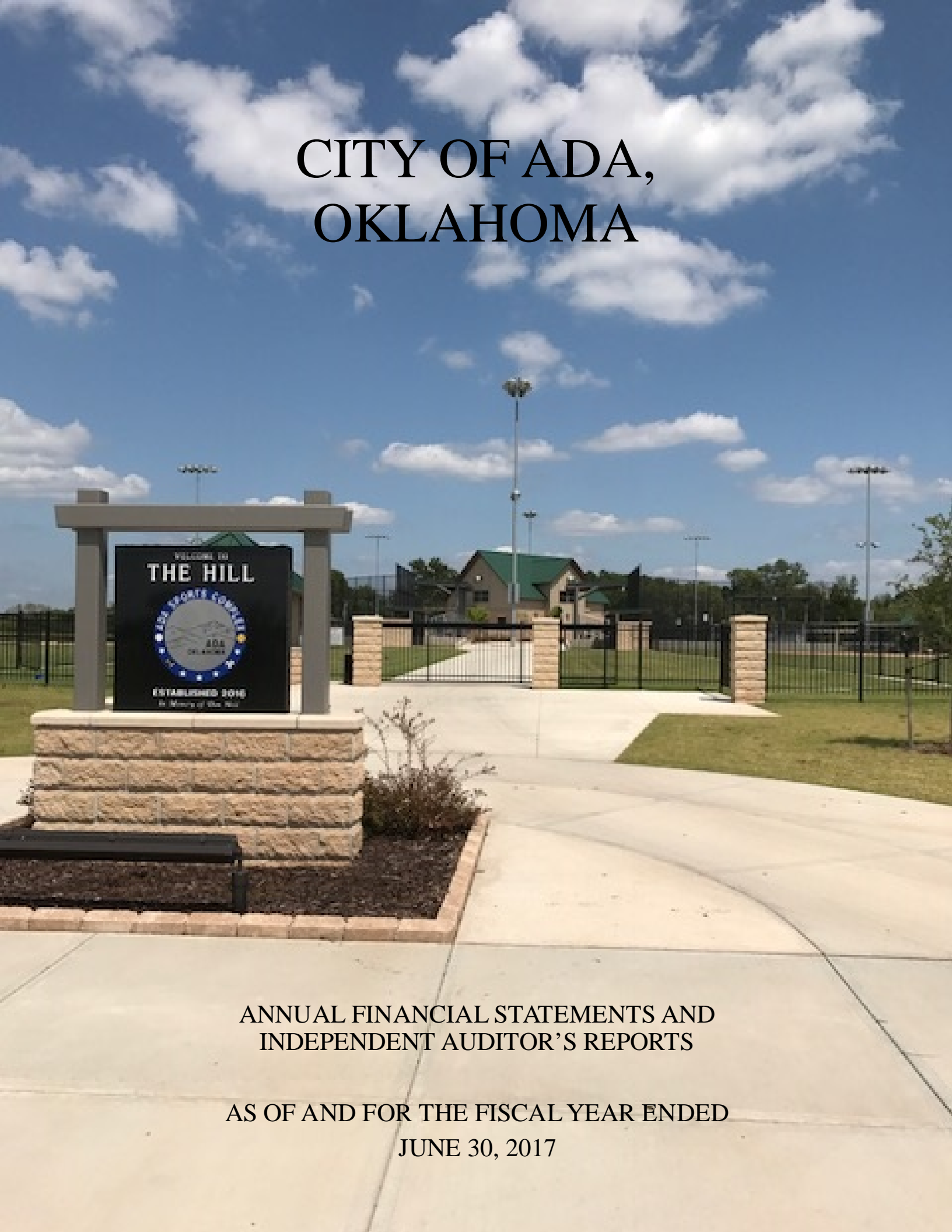


# CITY OF ADA, OKLAHOMA



ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017



**THE CITY OF ADA, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

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**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Ada, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ada Arts and Heritage Authority (the "Authority"), which represents approximately 13%, 13%, and 33% of the total assets, net position, and revenues, respectively, of the aggregate discretely presented component units of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of City contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of proportionate share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, the schedule of City contributions—Oklahoma Police Pension and Retirement System, and the schedule of OPEB funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

(Continued)



## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Other Matters, Continued**

#### *Other Information, Continued*

The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, the schedule of expenditures of state awards, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 11, 2018

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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As management of the City of Ada, we offer readers this narrative overview and analysis of the financial activities of the City of Ada for the fiscal year ended June 30, 2017. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- The City's total net position increased by \$8,838,702 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2017, by \$121,259,903 (net position). Of this amount, \$21,425,818 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$19,040,012.
- At the end of fiscal year 2017, unassigned fund balance for the General Fund was \$1,622,064 or 14% of General Fund revenues.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The financial statements presented herein include all of the activities of the City of Ada (the "City"), the Ada Public Works Authority (the "Authority") and two additional discretely presented component units. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, and the two discretely-presented component units in total. This discussion and analysis focuses on the primary government, composed of the City of Ada and Ada Public Works Authority.

The governmental-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

**Reporting the City as a Whole**

***The Statement of Net Position and Statement of Activities***

This discussion and analysis is intended to serve as an introduction to the City of Ada's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 20 & 21, respectively) report information about the City as a whole and about its activities in a way that helps answer questions about the City's financial position. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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These two statements report the City's Net Position and Changes in Net Position from the prior year. You can think of the City's Net Position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's Net Position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste collections utilities and economic development are reported here.
- Discretely-presented component units – These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Hospital Authority and the Arts & Heritage Authority.

### **Reporting the City's Most Significant Funds**

#### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of Ada, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Ada can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

*Proprietary funds* -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, and economic development activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

For the year ended June 30, 2017, net position for the governmental activities and business-type activities increased \$8,838,702. The results indicate the City, as a whole, saw an increase in its financial position from the prior year.

Following is a summary comparison of change in net position from last year for the City of Ada.

**TABLE 1**  
**NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Current assets	\$ 20,598	\$ 22,709	-9%	\$ 40,361	\$ 43,437	-7%	\$ 60,959	\$ 66,146	-8%
Capital assets, net	62,024	52,084	19%	50,470	43,204	17%	112,494	95,288	18%
<b>Total assets</b>	<b>82,622</b>	<b>74,793</b>	<b>10%</b>	<b>90,831</b>	<b>86,641</b>	<b>5%</b>	<b>173,453</b>	<b>161,434</b>	<b>7%</b>
Deferred outflow of resources	1,929	517	273%	-	-	-	1,929	517	273%
Current liabilities	889	1,681	-47%	3,536	4,375	-19%	4,425	6,056	-27%
Non-current liabilities	8,419	6,526	29%	41,126	36,266	13%	49,545	42,792	16%
<b>Total liabilities</b>	<b>9,308</b>	<b>8,207</b>	<b>13%</b>	<b>44,662</b>	<b>40,641</b>	<b>10%</b>	<b>53,970</b>	<b>48,848</b>	<b>10%</b>
Deferred inflows of resources	153	682	-78%	-	-	-	153	682	-78%
Net position									
Net investment in capital assets	62,024	52,084	19%	10,703	8,327	29%	72,727	60,411	20%
Restricted	12,008	13,886	-14%	15,098	19,698	-23%	27,106	33,584	-19%
Unrestricted	1,058	451	135%	20,368	17,975	13%	21,426	18,426	16%
<b>Total net position</b>	<b>\$ 75,090</b>	<b>\$ 66,421</b>	<b>13%</b>	<b>\$ 46,169</b>	<b>\$ 46,000</b>	<b>0%</b>	<b>\$ 121,259</b>	<b>\$ 112,421</b>	<b>8%</b>

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$72.7 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$27.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21.4 million, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**Change in Net Position**

For the year ended June 30, 2017 net position of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
<b>Revenues</b>									
Charges for services	\$ 938	\$ 947	-1%	\$ 13,714	\$ 12,255	12%	\$ 14,652	\$ 13,202	11%
Operating grants and contributions	866	825	5%	-	-	-	866	825	5%
Capital grants and contributions	906	6,528	-86%	147	-	100%	1,053	6,528	-84%
Taxes	17,504	17,723	-1%	-	-	-	17,504	17,723	-1%
Intergovernmental revenue	331	327	1%	-	-	-	331	327	1%
Investment income	166	160	4%	231	132	75%	397	292	36%
Miscellaneous	520	977	-47%	506	1,134	-55%	1,026	2,111	-51%
<b>Total revenues</b>	<b>21,231</b>	<b>27,487</b>	<b>-23%</b>	<b>14,598</b>	<b>13,521</b>	<b>8%</b>	<b>35,829</b>	<b>41,008</b>	<b>-13%</b>
<b>Expenses</b>									
General government	4,160	4,464	-7%	-	-	-	4,160	4,464	-7%
Streets	2,535	2,313	10%	-	-	-	2,535	2,313	10%
Public safety	6,412	7,222	-11%	-	-	-	6,412	7,222	-11%
Cemetery	195	211	-8%	-	-	-	195	211	-8%
Legal and judicial	337	320	5%	-	-	-	337	320	5%
Culture and recreation	1,639	1,528	7%	-	-	-	1,639	1,528	7%
Community development	377	427	-12%	-	-	-	377	427	-12%
Airport	568	496	15%	-	-	-	568	496	15%
Interest on long-term debt	14	19	-26%	-	-	-	14	19	-26%
Water	-	-	-	3,959	3,890	2%	3,959	3,890	2%
Sewer	-	-	-	2,312	2,339	-1%	2,312	2,339	-1%
Sanitation	-	-	-	3,632	3,790	-4%	3,632	3,790	-4%
Economic development	-	-	-	851	768	11%	851	768	11%
<b>Total expenses</b>	<b>16,237</b>	<b>17,000</b>	<b>-4%</b>	<b>10,754</b>	<b>10,787</b>	<b>0%</b>	<b>26,991</b>	<b>27,787</b>	<b>-3%</b>
Excess (deficiency) before transfers	4,994	10,487	-52%	3,844	2,734	41%	8,838	13,221	-33%
Transfers	3,675	2,823	30%	(3,675)	(2,823)	30%	-	-	0%
<b>Change in net position</b>	<b>8,669</b>	<b>13,310</b>	<b>-35%</b>	<b>169</b>	<b>(89)</b>	<b>290%</b>	<b>8,838</b>	<b>13,221</b>	<b>-33%</b>
<b>Beginning net position</b>	<b>66,421</b>	<b>53,111</b>	<b>25%</b>	<b>46,000</b>	<b>46,089</b>	<b>0%</b>	<b>112,421</b>	<b>99,200</b>	<b>13%</b>
<b>Ending net position</b>	<b>\$ 75,090</b>	<b>\$ 66,421</b>	<b>13%</b>	<b>\$ 46,169</b>	<b>\$ 46,000</b>	<b>0%</b>	<b>\$ 121,259</b>	<b>\$ 112,421</b>	<b>8%</b>

The City's governmental activities capital grants and contributions decreased approximately \$5.6 million due in large part to partnership projects with the Chickasaw Nation related primarily to street activities in the prior year. The City's business-type miscellaneous revenue decreased approximately \$628,000 due to a litigation award received in the prior year.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities**  
**(In Thousands)**

	<b>Total Expense</b>		<b>% Inc.</b>	<b>Net Revenue</b>		<b>% Inc.</b>
	<b>of Services</b>			<b>(Expense)</b>		
	<u>2017</u>	<u>2016</u>	<b>(Dec.)</b>	<u>2017</u>	<u>2016</u>	<b>(Dec.)</b>
General government	\$ 4,160	\$ 4,464	-7%	(\$4,018)	(\$4,195)	-4%
Streets	2,535	2,313	10%	(2,385)	2,773	-186%
Public Safety	6,412	7,222	-11%	(5,397)	(5,956)	-9%
Cemetery	195	211	-8%	(132)	(146)	-10%
Legal and Judicial	337	320	5%	(337)	(320)	5%
Culture and Recreation	1,639	1,528	7%	(1,301)	(1,140)	14%
Community Development	377	427	-12%	(377)	(427)	-12%
Airport	568	496	15%	434	730	-41%
Interest on long-term debt	14	19	-26%	(14)	(19)	-26%
<b>Total</b>	<u>16,237</u>	<u>\$ 17,000</u>	-4%	<u>(\$13,527)</u>	<u>(\$8,700)</u>	55%

For the year ended June 30, 2017, total expenses for governmental activities amounted to \$16.2 million which is a 4% decrease from the prior year.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**Business-type Activities**

**TABLE 4**  
**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	<u>Total Expense</u> <u>of Services</u>		<u>% Inc.</u> <u>Dec.</u>	<u>Net Revenue</u> <u>(Expense)</u> <u>of Services</u>		<u>% Inc.</u> <u>Dec.</u>
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
Water	\$ 3,959	\$ 3,890	2%	\$ 3,997	\$ 2,892	38%
Sewer	2,312	2,339	-1%	(86)	(533)	-84%
Sanitation	3,632	3,790	-4%	48	(123)	-139%
Economic development	<u>851</u>	<u>768</u>	11%	<u>(851)</u>	<u>(769)</u>	11%
<b>Total</b>	<b><u>\$ 10,754</u></b>	<b><u>\$ 10,787</u></b>	0%	<b><u>\$ 3,108</u></b>	<b><u>\$ 1,467</u></b>	112%

The City's business-type activities include utility services for water, sewer, sanitation and economic development.

***A FINANCIAL ANALYSIS OF THE CITY'S FUNDS***

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$19 million, or a 5% decrease from the prior year. The enterprise funds reported combined net position of \$46.2 million, or a .4% increase from 2016.

**Other fund highlights include:**

- For the year ended June 30, 2017, the General Fund's total fund balance increased by \$656,389, or 16.4%, due primarily to an increase in transfers in and a decrease in total current expenditures.
- The Street and Alley Fund's total fund balance decreased by \$117,840 or 2.6%.
- The Sales Tax Capital Facility Fund's total fund balance decreased by \$3,851,022 or 56.4% due to the ending of a dedicated sales tax and capital outlay purchases related to police, fire, and sports facilities.
- The APWA Enterprise Fund reported a net income before contributions and transfers of \$4,938,494.

**General Fund Budgetary Highlights**

For the year ended June 30, 2017, the General Fund reported actual budgetary basis revenues below final estimates by \$629,677 or a 3.5% negative variance. General Fund actual expenditures were under final appropriations by \$2,044,882 or an 11% positive variance.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2017, the City had approximately \$112.5 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of approximately \$17.2 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2017 and 2016.<sup>1</sup>

**TABLE 5**  
**Capital Assets**  
**(In Thousands)**  
**(Net of accumulated depreciation)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,345	\$ 1,345	\$ 3,112	\$ 2,221	\$ 4,457	\$ 3,566
Buildings and improvements	11,664	9,801	9,798	9,469	21,462	19,270
Machinery, furniture and equipment	2,246	2,510	2,187	1,797	4,433	4,307
Infrastructure	16,976	17,043	12,117	12,147	29,093	29,190
Water rights	-	-	1,261	1,261	1,261	1,261
Construction in progress	29,793	21,385	21,995	16,309	51,788	37,694
<b>Totals</b>	<u>\$ 62,024</u>	<u>\$ 52,084</u>	<u>\$ 50,470</u>	<u>\$ 43,204</u>	<u>\$ 112,494</u>	<u>\$ 95,288</u>

This year's more significant capital asset additions include water projects totaling approximately \$6.4 million, a backhoe for the water department in the amount of \$84,153, airport projects totaling approximately \$1.1 million, street projects totaling approximately \$1.2 million, sewer projects totaling approximately \$900,000, a sports complex totaling approximately \$1.6 million, and an aquatic center totaling approximately \$4.9 million.

(Unaudited. See accompanying auditor's report.)

<sup>1</sup> For more detailed information on capital asset activity please refer to page 39-41, Note 4. Capital Assets and Depreciation



**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**Long-Term Debt**

At year-end, the City had \$45.1 million in long-term debt outstanding, which represents approximately a \$5.2 million increase from the prior year. This increase was due to a \$6.7 million drawdown of the 2015C revenue note in the current year.<sup>2</sup>

**TABLE 6**  
**Long-Term Debt**  
**(In Thousands)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accrued Compensation	\$ 797	\$ 754	\$ 461	\$ 449	\$ 1,258	\$ 1,203
Deposits subject to refund	-	-	793	771	793	771
Landfill closure liability	-	-	2,594	2,428	2,594	2,428
Judgements payable	13	31	-	-	13	31
Notes payable	-	-	39,767	34,877	39,767	34,877
OPEB obligations	442	379	222	194	664	573
<b>Totals</b>	<u>\$ 1,252</u>	<u>\$ 1,164</u>	<u>\$ 43,837</u>	<u>\$ 38,719</u>	<u>\$ 45,089</u>	<u>\$ 39,883</u>

***ECONOMIC OUTLOOK***

**Fiscal Year 2016-17** continued to be busy for the City of Ada. The following report is designed to illustrate some of the city's activities during this period of time and for the immediate future.

**Propositions 1 and 2**

Propositions 1 and 2 continue to provide essential revenues for the City of Ada. These temporary measures combine to make up a penny sales tax dedicated to improvements throughout the City of Ada. Prop 1 is a three-quarter cent sales tax earmarked for infrastructure, such as streets, alleys, water and sewer distribution systems. Prop 2 is a quarter-cent sales tax earmarked for economic development inside Ada city limits. On January 10, 2017 the community provided a resounding "yes" to renew these Propositions for an additional five years: 2018-2023.

Fiscal Year 2016-17 sales tax collections generated \$2,793,000 for Prop I and \$931,000 for Prop II reflecting a 2.25% decrease over last Fiscal Year.

(Unaudited. See accompanying auditor's report.)

<sup>2</sup> For more detailed information on long-term debt activity please refer to page 41-43, Note 5. Long-Term Debt and Debt Service Requirements

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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**City Projects**

Several major projects were completed during Fiscal Year 2016-17. These include: an upgrade to the wastewater treatment plant's UV system, building the Legal Shield Industrial roadway, a 14-mile water line replacement, resurfacing and upgrading roads and creating a new entrance to the Cemetery, various water line projects, Airport enhancements including a new entrance road, parking area and taxiway; plus, the completion of a \$1.7 million grant provided to rehabilitate runway edge lights and improve the runway safety area; plus, both state of the art aquatic centers were completed by the end of July, 2017 and opened to the public . Other activities include the sewer pipe bursting program designed to replace a required amount of line annually, the street preservation and rehabilitation program which laid more than 6,800 tons of asphalt and poured 1,900 cubic yards of concrete. Our partnership program with the Chickasaw Nation continues as the total reconstruction of South Kerr Lab Road should be completed by the end of 2017.

**New Business/Construction**

Here are a few highlights of existing businesses in Ada and their continued growth. Lovera Cheese Factory, which is an incubator project, created two jobs; while iQor, a technical support call center, added 100 jobs this Fiscal Year. Holcim Cement Plant completed a \$200 million investment to upgrade and expand its facility and Ram Jack, a foundation repair company, expanded their employment numbers. Three new restaurants were opened for service by June 30, 2017 and Hobby Lobby shortly thereafter. We have several other businesses that have built at new locations and are now open: Pigskins Bar-b-Que, Traditions Pharmacy and Billy Sims Bar-b-Que. The upcoming year holds more opportunity with two new grocery stores, Pruitt's which is replacing an existing store and 10 Box Cost – Plus which offers an additional grocery option. Chick-fil-A will soon be breaking ground and the City is working with local developers to attract additional retail stores. This, along with the new Sports Complex, pools, park and Main Street renovations, is an effort to enhance Ada's quality of life for our citizens and visitors.

Through the coordination of various agencies, the Oka Institute opened its doors in July, 2016. It offers practical solutions to bridge the gap between sustainable water management and economic development.

**"Penny for Our City" Sales Tax**

Since August 2010, the City of Ada has collected a one-cent sales tax known as "Penny for Our City". This dedicated penny, with a limited five-year lifespan, expired December 31, 2015 and collected sales tax of \$19,439,602 for specific projects. While most projects are basically finished the two still outstanding are Main Street renovations; plus, updates to City Hall.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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**“Penny for Our City” Sales Tax Extension**

In January, 2015, an extension of the one-cent sales tax was approved by voters for eight more years. The extension began in January 2016 after the first penny expired.

Specific projects include the construction of two aquatic centers, a new senior citizens center, the creation of a workforce housing program and upgrades to the Wintersmith Amphitheater, as well as continued development with phase II of Main Street and the Sports Complex projects.

By incurring \$13 million in additional debt, construction of one aquatic was completed and opened for business the summer of 2016. At that time, the second aquatic center went under construction and towards the end of July was also opened for public use. The design for the senior citizens center is complete and construction should begin in early 2018. As the sales tax is collected, the other projects will come to fruition.

**Community Activities**

The City continues to provide organized family activities in Wintersmith park with movies and “Music in the Park” events scheduled during the warmer months of the year.

This is the second summer for the “East End Eats” event that provides local organizations an opportunity to host the monthly activity with food and entertainment. Several agencies have partnered to grow and support the arts in Ada by organizing additional events such as Ada Fest, the Momentum Ada show and Art After 6.

The City continues to host family events such as the Daddy-Daughter Dance and the Halloween Safe House, which allowed approximately 4,200 local children a safe place to trick-or-treat. New to the slate this past year was the addition of the Mummy’s and Sons Halloween Dance.

The “Santa Stroll” at Wintersmith Park continues to be a success as the community joins in the celebration of the Christmas Season with a stroll around the walking trail to take in the beauty of the “Trail of Lights” with new Christmas displays added annually.

The City continues to promote beautification by hosting the annual Ada Trash Pick-Up Day in the spring; as well as, recognition of the Yard/Business of the Month during the summer and a Christmas decorating contest in December.

**Ada Arts & Heritage Authority**

On October 3, 2017 the Ada Arts & Heritage Board relinquished the assets of the Trust to the City of Ada. The Trust will remain inactive; however, the operation of the facility will become a function of the City of Ada.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk’s Office at 231 South Townsend, Ada, Oklahoma or phone at (580) 436-6300.

(Unaudited. See accompanying auditor’s report.)

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES**

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

**Statement of Net Position– June 30, 2017**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,078,635	\$ 37,299,955	\$ 55,378,590	\$ 290	\$ 22,721
Investments	70,199	-	70,199	1,157,227	39,838
Accounts receivable, net of allowance	-	2,489,206	2,489,206	-	868
Franchise tax receivable	79,552	-	79,552	-	-
Court fines receivable, net of allowance	570,256	-	570,256	-	-
Internal balances	(571,463)	571,463	-	-	-
Due from other governments	2,281,323	-	2,281,323	-	-
Other receivables	53,902	-	53,902	-	-
Inventory	35,815	-	35,815	-	-
Capital Assets:					
Land and construction in progress	31,137,698	26,367,617	57,505,315	-	-
Other capital assets, net of depreciation	30,886,538	24,102,609	54,989,147	-	108,809
Total Assets	<u>82,622,455</u>	<u>90,830,850</u>	<u>173,453,305</u>	<u>1,157,517</u>	<u>172,236</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	1,929,040	-	1,929,040	-	-
<b>LIABILITIES</b>					
Accounts payable	\$ 337,013	\$ 298,356	\$ 635,369	50,000	\$ -
Accrued payroll liabilities	447,998	188,330	636,328	-	1,699
Accrued interest payable	-	337,309	337,309	-	-
Due to other governments	10,745	-	10,745	-	-
Due to bondholders	9,664	-	9,664	-	-
Deposits subject to refund	-	-	-	-	450
Unearned revenue	-	-	-	-	1,211
Long-term liabilities:					
Due within one year	83,521	2,711,477	2,794,998	-	-
Due in more than one year	8,418,667	41,125,767	49,544,434	-	-
Total liabilities	<u>\$ 9,307,608</u>	<u>\$ 44,661,239</u>	<u>\$ 53,968,847</u>	<u>50,000</u>	<u>\$ 3,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	153,595	-	153,595	-	-
<b>NET POSITION</b>					
Net investment in capital assets	62,024,236	10,702,970	72,727,206	-	108,809
Restricted via:					
Expendable Endowment	-	-	-	1,107,517	-
State statutes, debt indentures and external parties	230,224	10,846,393	11,076,617	-	-
Enabling legislation	11,778,180	4,252,082	16,030,262	-	-
Unrestricted	1,057,652	20,368,166	21,425,818	-	60,067
Total net position	<u>\$ 75,090,292</u>	<u>\$ 46,169,611</u>	<u>\$ 121,259,903</u>	<u>\$ 1,107,517</u>	<u>\$ 168,876</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Statement of Activities –Year Ended June 30, 2017**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
<b>Primary government</b>									
Governmental Activities									
General Government	\$ 4,160,177	\$ 142,027	\$ -	\$ -	\$ (4,018,150)	\$ -	\$ (4,018,150)	\$ -	\$ -
Streets	2,535,135	-	150,852	-	(2,384,283)	-	(2,384,283)	-	-
Public Safety	6,412,115	300,611	677,005	37,173	(5,397,326)	-	(5,397,326)	-	-
Cemetery	194,590	62,495	-	-	(132,095)	-	(132,095)	-	-
Legal and Judicial	337,306	-	-	-	(337,306)	-	(337,306)	-	-
Culture and Recreation	1,639,107	266,177	37,843	34,045	(1,301,042)	-	(1,301,042)	-	-
Community Development	377,213	-	-	-	(377,213)	-	(377,213)	-	-
Airport	567,550	166,455	-	835,090	433,995	-	433,995	-	-
Interest on Long-term debt	13,669	-	-	-	(13,669)	-	(13,669)	-	-
Total governmental activities	<u>16,236,862</u>	<u>937,765</u>	<u>865,700</u>	<u>906,308</u>	<u>(13,527,089)</u>	<u>-</u>	<u>(13,527,089)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:									
Water operations	3,958,533	7,955,490	-	-	-	3,996,957	3,996,957	-	-
Sewer operations	2,312,056	2,078,675	-	147,302	-	(86,079)	(86,079)	-	-
Sanitation operations	3,631,927	3,680,081	-	-	-	48,154	48,154	-	-
Economic Development	850,604	-	-	-	-	(850,604)	(850,604)	-	-
Total business-type activities	<u>10,753,120</u>	<u>13,714,246</u>	<u>-</u>	<u>147,302</u>	<u>-</u>	<u>3,108,428</u>	<u>3,108,428</u>	<u>-</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 26,989,982</u>	<u>\$ 14,652,011</u>	<u>\$ 865,700</u>	<u>\$ 1,053,610</u>	<u>\$ (13,527,089)</u>	<u>\$ 3,108,428</u>	<u>\$ (10,418,661)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component Units:</b>									
Arts, culture and recreation	\$ 43,912	\$ -	\$ 32,597	\$ -				\$ -	\$ (11,315)
Hospital and health care	62,128	-	-	-				(62,128)	-
<b>Total Component Units</b>	<u>\$ 106,040</u>	<u>\$ -</u>	<u>\$ 32,597</u>	<u>\$ -</u>				<u>\$ (62,128)</u>	<u>\$ (11,315)</u>
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					\$ 16,124,525	\$ -	\$ 16,124,525	\$ -	\$ -
Property taxes					78,147	-	78,147	-	-
Franchise taxes and public service taxes					733,831	-	733,831	-	-
Payment in lieu of tax					85,657	-	85,657	-	-
E-911 taxes					481,177	-	481,177	-	-
Intergovernmental revenue not restricted to specific programs					331,014	-	331,014	-	-
Investment income					166,131	230,995	397,126	59,908	(12,196)
Miscellaneous					520,253	505,633	1,025,886	-	9,655
Transfers - Internal activity					3,675,022	(3,675,022)	-	-	-
Total general revenues and transfers					<u>22,195,757</u>	<u>(2,938,394)</u>	<u>19,257,363</u>	<u>59,908</u>	<u>(2,541)</u>
Change in net position					8,668,668	170,034	8,838,702	(2,220)	(13,856)
Net position - beginning					66,421,624	45,999,577	112,421,201	1,109,737	182,732
Net position - ending					<u>\$ 75,090,292</u>	<u>\$ 46,169,611</u>	<u>\$ 121,259,903</u>	<u>\$ 1,107,517</u>	<u>\$ 168,876</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Governmental Funds Balance Sheet - June 30, 2017**

	General Fund	Special Revenue Fund	Capital Project Funds			Other Governmental Funds	Total Governmental Funds
		Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,050,834	\$ 4,196,230	\$ 3,507,717	\$ 2,981,143	\$ 2,222,707	\$ 1,094,696	\$ 18,053,327
Investments	70,199	-	-	-	-	-	70,199
Receivables:							
Due from other funds	-	-	-	-	-	8,334	8,334
Due from other governments	1,141,750	168,498	361,177	-	492,396	117,502	2,281,323
Franchise taxes receivable	79,552	-	-	-	-	-	79,552
Court fines receivable	570,256	-	-	-	-	-	570,256
Other receivables	11,153	-	-	-	-	42,749	53,902
Total assets	<u>\$ 5,923,744</u>	<u>\$ 4,364,728</u>	<u>\$ 3,868,894</u>	<u>\$ 2,981,143</u>	<u>\$ 2,715,103</u>	<u>\$ 1,263,281</u>	<u>\$ 21,116,893</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 99,790	\$ -	\$ 184,669	\$ -	\$ 46,794	\$ 5,760	\$ 337,013
Accrued payroll liabilities	357,923	-	57,956	-	-	32,119	447,998
Due to other funds	234,451	-	-	-	345,346	-	579,797
Due to other governments	10,745	-	-	-	-	-	10,745
Due to bondholders	7,514	-	-	-	-	-	7,514
Other payables	2,150	-	-	-	-	-	2,150
Total liabilities	<u>712,573</u>	<u>-</u>	<u>242,625</u>	<u>-</u>	<u>392,140</u>	<u>37,879</u>	<u>1,385,217</u>
Deferred inflows of resources:							
Deferred revenue	564,276	-	-	-	10,825	116,563	691,664
Fund balances:							
Restricted	11,737	4,158,354	2,628,347	2,681,850	2,287,350	240,766	12,008,404
Committed	-	-	-	-	-	47,377	47,377
Assigned	3,013,094	206,374	997,922	299,293	24,788	820,696	5,362,167
Unassigned	1,622,064	-	-	-	-	-	1,622,064
Total fund balances	<u>4,646,895</u>	<u>4,364,728</u>	<u>3,626,269</u>	<u>2,981,143</u>	<u>2,312,138</u>	<u>1,108,839</u>	<u>19,040,012</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,923,744</u>	<u>\$ 4,364,728</u>	<u>\$ 3,868,894</u>	<u>\$ 2,981,143</u>	<u>\$ 2,715,103</u>	<u>\$ 1,263,281</u>	<u>\$ 21,116,893</u>

See accompanying notes to the basic financial statements.



**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Capital Project Funds			Other Governmental Funds	Total Governmental Funds
		Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
<b>REVENUES</b>							
Taxes	\$ 9,249,389	\$ 1,146,746	\$ 2,808,333	\$ -	\$ 3,744,445	\$ 559,531	\$ 17,508,444
Intergovernmental	1,034,940	150,852	270,733	-	-	885,261	2,341,786
Licenses and permits	137,377	-	-	-	-	-	137,377
Charges for services	248,478	-	-	-	-	268,790	517,268
Fees and fines	372,832	-	-	-	-	-	372,832
Investment earnings	49,165	31,760	25,550	35,073	17,578	7,006	166,132
Miscellaneous	488,948	255	23	25,002	2,715	64,501	581,444
Total revenues	<u>11,581,129</u>	<u>1,329,613</u>	<u>3,104,639</u>	<u>60,075</u>	<u>3,764,738</u>	<u>1,785,089</u>	<u>21,625,283</u>
<b>EXPENDITURES</b>							
Current:							
General government	3,507,785	-	372,741	-	-	10,000	3,890,526
Public safety	5,647,562	-	-	-	-	667,940	6,315,502
Streets and highways	715,946	225,428	524,482	-	-	-	1,465,856
Legal and judicial	304,189	-	-	-	-	-	304,189
Cemetery	188,643	-	-	-	-	-	188,643
Culture and recreation	1,255,365	-	-	-	-	165,220	1,420,585
Community development	356,735	-	-	-	-	-	356,735
Airport	-	-	-	-	-	161,721	161,721
Water	-	-	2,500	-	-	-	2,500
Sewer	-	-	413,034	-	-	-	413,034
Capital outlay	447,572	-	1,187,977	3,911,097	5,135,725	1,195,188	11,877,559
Debt service:							
Principal	-	-	-	-	-	63,633	63,633
Interest and other charges	-	-	-	-	-	13,669	13,669
Total expenditures	<u>12,423,797</u>	<u>225,428</u>	<u>2,500,734</u>	<u>3,911,097</u>	<u>5,135,725</u>	<u>2,277,371</u>	<u>26,474,152</u>
Excess (deficiency) of revenues over expenditures	<u>(842,668)</u>	<u>1,104,185</u>	<u>603,905</u>	<u>(3,851,022)</u>	<u>(1,370,987)</u>	<u>(492,282)</u>	<u>(4,848,869)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from sale of land	-	-	-	-	-	1,000	1,000
Transfers in	6,363,276	1,103,068	464,750	-	6,881,404	454,850	15,267,348
Transfers out	(4,864,219)	(2,325,093)	(429,695)	-	(3,724,847)	(56,328)	(11,400,182)
Total other financing sources and uses	<u>1,499,057</u>	<u>(1,222,025)</u>	<u>35,055</u>	<u>-</u>	<u>3,156,557</u>	<u>399,522</u>	<u>3,868,166</u>
Net change in fund balances	656,389	(117,840)	638,960	(3,851,022)	1,785,570	(92,760)	(980,703)
Fund balances - beginning	3,990,506	4,482,568	2,987,309	6,832,165	526,568	1,201,599	20,020,715
Fund balances - ending	<u>\$ 4,646,895</u>	<u>\$ 4,364,728</u>	<u>\$ 3,626,269</u>	<u>\$ 2,981,143</u>	<u>\$ 2,312,138</u>	<u>\$ 1,108,839</u>	<u>\$ 19,040,012</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:**

Total fund balance, governmental funds	\$	19,040,012
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$56,976,292		<u>62,024,236</u>
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with pension related deferred outflows, are not reported in the funds:		
Pension related deferred outflows		<u>1,929,040</u>
		<u>1,929,040</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:		
Court fines receivable, net of allowance for doubtful accounts of \$570,256		541,128
Property taxes receivable		31,652
Grant receivable		<u>118,884</u>
		<u>691,664</u>
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position:		
Net Position of the Internal Service Fund		<u>61,123</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore they, along with pension related deferred inflows, are not reported in the funds:		
Net pension liability		(7,250,563)
Pension related deferred inflows		(153,595)
Accrued compensated absences		(796,446)
Judgement payable		(12,855)
Net OPEB obligation		<u>(442,324)</u>
		<u>(8,655,783)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>75,090,292</u>

See accompanying notes to the basic financial statements.

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**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities:**

Net change in fund balances - total governmental funds:	\$	(980,703)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay and issue costs as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		11,868,041
Depreciation expense		<u>(1,928,180)</u>
		<u>9,939,861</u>
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		
		<u>131,228</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in deferred revenue		<u>(339,972)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Judgement payable		17,765
		<u>17,765</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued compensated absences expenses		(42,154)
Change in the net OPEB obligation		<u>(62,882)</u>
		<u>(105,036)</u>
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The asset and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position:		
Change in net position of the Internal Service Fund		<u>5,525</u>
Change in net position of governmental activities	\$	<u>8,668,668</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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**Proprietary Funds Statement of Net Position - June 30, 2017**

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 21,398,247	\$ 4,262,456	\$ 25,660,703	\$ 25,308
Restricted:				
Cash and cash equivalents	11,639,252	-	11,639,252	-
Accounts receivable, net of allowance of \$23,158	2,489,206	-	2,489,206	-
Inventory	-	-	-	35,815
Due from other funds	571,463	-	571,463	-
<b>Total current assets</b>	<b>36,098,168</b>	<b>4,262,456</b>	<b>40,360,624</b>	<b>61,123</b>
Non-current assets:				
Capital assets:				
Land and construction in progress	26,367,617	-	26,367,617	-
Other capital assets, net of accumulated depreciation	24,102,609	-	24,102,609	-
<b>Total non-current assets</b>	<b>50,470,226</b>	<b>-</b>	<b>50,470,226</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 86,568,394</b>	<b>\$ 4,262,456</b>	<b>\$ 90,830,850</b>	<b>\$ 61,123</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 287,982	\$ 10,374	\$ 298,356	\$ -
Accrued payroll liabilities	188,330	-	188,330	-
Accrued interest payable	337,309	-	337,309	-
Due to depositors	79,286	-	79,286	-
Accrued compensated absences	46,099	-	46,099	-
Landfill closure liability	38,732	-	38,732	-
Notes payable	2,547,360	-	2,547,360	-
<b>Total current liabilities</b>	<b>3,525,098</b>	<b>10,374</b>	<b>3,535,472</b>	<b>-</b>
Non-current liabilities:				
Due to depositors	713,573	-	713,573	-
Accrued compensated absences	414,892	-	414,892	-
Landfill closure liability	2,555,333	-	2,555,333	-
Notes payable	37,219,896	-	37,219,896	-
Net OPEB obligation	222,073	-	222,073	-
<b>Total non-current liabilities</b>	<b>41,125,767</b>	<b>-</b>	<b>41,125,767</b>	<b>-</b>
<b>Total liabilities</b>	<b>44,650,865</b>	<b>10,374</b>	<b>44,661,239</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 10,702,970	\$ -	\$ 10,702,970	\$ -
Restricted for debt service	1,899,456	-	1,899,456	-
Restricted for capital projects	8,946,937	-	8,946,937	-
Restricted for economic development	-	4,252,082	4,252,082	-
Unrestricted	20,368,166	-	20,368,166	61,123
<b>Total net position</b>	<b>\$ 41,917,529</b>	<b>\$ 4,252,082</b>	<b>\$ 46,169,611</b>	<b>\$ 61,123</b>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2017**

	<b>Enterprise Funds</b>			<b>Internal Service Fund</b>
	<b>APWA Enterprise Fund</b>	<b>Economic Development Enterprise Fund</b>	<b>Total</b>	
<b>REVENUES</b>				
Water	\$ 7,739,622	\$ -	\$ 7,739,622	\$ -
Sewer	2,020,051	-	2,020,051	-
Sanitation	3,358,251	-	3,358,251	-
Solid waste fee	1,599	-	1,599	-
Recycling center	226,565	-	226,565	-
Lease revenue	1,714	-	1,714	-
Charges for inventory	-	-	-	73,924
Miscellaneous	365,875	-	365,875	-
Total operating revenues	<u>13,713,677</u>	<u>-</u>	<u>13,713,677</u>	<u>73,924</u>
<b>OPERATING EXPENSES</b>				
Administration	1,478,964	-	1,478,964	-
Billing and collecting	378,358	-	378,358	-
Public works director	195,973	-	195,973	-
Water and sewer line maintenance	1,101,377	-	1,101,377	-
Water plant	625,706	-	625,706	-
Liquid waste	624,849	-	624,849	-
Solid waste	2,248,836	-	2,248,836	-
Landfill	166,438	-	166,438	-
Other utility purposes	588,972	-	588,972	-
Economic development	-	850,604	850,604	-
Cost of inventory	-	-	-	68,399
Depreciation	1,034,220	-	1,034,220	-
Total Operating Expenses	<u>8,443,693</u>	<u>850,604</u>	<u>9,294,297</u>	<u>68,399</u>
Operating income (loss)	<u>5,269,984</u>	<u>(850,604)</u>	<u>4,419,380</u>	<u>5,525</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	197,257	33,738	230,995	-
Miscellaneous revenue	375,937	200	376,137	-
Gain on disposal of capital assets	130,064	-	130,064	-
Interest expense	(1,034,748)	-	(1,034,748)	-
Total non-operating revenue (expenses)	<u>(331,490)</u>	<u>33,938</u>	<u>(297,552)</u>	<u>-</u>
Income (loss) before contributions and transfers	4,938,494	(816,666)	4,121,828	5,525
Capital contributions	147,302	-	147,302	-
Transfers in	12,384,959	931,212	13,316,171	-
Transfers out	(17,131,880)	(283,387)	(17,415,267)	-
Change in net position	<u>338,875</u>	<u>(168,841)</u>	<u>170,034</u>	<u>5,525</u>
Total net position - beginning	41,578,654	4,420,923	45,999,577	55,598
Total net position - ending	<u>\$ 41,917,529</u>	<u>\$ 4,252,082</u>	<u>\$ 46,169,611</u>	<u>\$ 61,123</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017**

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 13,286,458	\$ -	\$ 13,286,458	\$ 73,924
Payments to suppliers	(4,554,959)	(876,377)	(5,431,336)	(69,447)
Payments to employees	(3,732,605)	-	(3,732,605)	-
Receipts of customer meter deposits	193,562	-	193,562	-
Refunds of customer meter deposits	(171,925)	-	(171,925)	-
Interfund receipts/payments	514,615	-	514,615	-
Other receipts	375,937	200	376,137	-
<b>Net cash provided by (used in) operating activities</b>	<b>5,911,083</b>	<b>(876,177)</b>	<b>5,034,906</b>	<b>4,477</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	12,384,959	931,212	13,316,171	-
Transfers to other funds	(17,131,880)	(283,387)	(17,415,267)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(4,746,921)</b>	<b>647,825</b>	<b>(4,099,096)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(8,300,817)	-	(8,300,817)	-
Proceeds from sale of capital assets	130,064	-	130,064	-
Capital contributions	147,302	-	147,302	-
Proceeds from capital debt	7,167,340	-	7,167,340	-
Principal paid on debt	(2,276,966)	-	(2,276,966)	-
Interest and fiscal agent fees paid on debt	(1,022,762)	-	(1,022,762)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(4,155,839)</b>	<b>-</b>	<b>(4,155,839)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	197,257	33,738	230,995	-
<b>Net cash provided by investing activities</b>	<b>197,257</b>	<b>33,738</b>	<b>230,995</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,794,420)</b>	<b>(194,614)</b>	<b>(2,989,034)</b>	<b>4,477</b>
<b>Balances - beginning of year</b>	<b>35,831,919</b>	<b>4,457,070</b>	<b>40,288,989</b>	<b>20,831</b>
<b>Balances - end of year</b>	<b>\$ 33,037,499</b>	<b>\$ 4,262,456</b>	<b>\$ 37,299,955</b>	<b>\$ 25,308</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 21,398,247	\$ 4,262,456	\$ 25,660,703	\$ 25,308
Restricted cash and cash equivalents - current	11,639,252	-	11,639,252	-
Total cash and cash equivalents, end of year	<b>\$ 33,037,499</b>	<b>\$ 4,262,456</b>	<b>\$ 37,299,955</b>	<b>\$ 25,308</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:</b>				
Operating income (loss)	\$ 5,269,984	\$ (850,604)	\$ 4,419,380	\$ 5,525
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,034,220	-	1,034,220	-
Other non-operating revenues	375,937	200	376,137	-
Change in assets and liabilities:				
Due from other funds	514,615	-	514,615	-
Inventory	-	-	-	(1,048)
Receivables, net	(427,219)	-	(427,219)	-
Accounts payable	(1,106,155)	(25,773)	(1,131,928)	-
Accrued payroll liabilities	22,200	-	22,200	-
Due to depositors	21,637	-	21,637	-
Landfill closure liability	166,438	-	166,438	-
Net OPEB obligation	27,992	-	27,992	-
Accrued compensated absences	11,434	-	11,434	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,911,083</b>	<b>\$ (876,177)</b>	<b>\$ 5,034,906</b>	<b>\$ 4,477</b>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**



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**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Ada), a blended component unit and two discretely presented component units as noted below. This annual report includes all activities for which the Ada City Council is fiscally responsible.

**The City of Ada** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Ada is an incorporated municipality with a population of approximately 17,000 located in south central Oklahoma. The City operates under the Home Rule Charter form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager.

**Component Units:**

**The Ada Public Works Authority** – a blended component unit that operates the water, sewer, and sanitation activities of the City

Component units that are discretely presented in the City's report in separate columns are presented below.

**The Valley View Hospital Authority** – that operates to finance and develop the hospital and other medicinal activities of the City.

**The Ada Arts and Heritage Authority** – that operates The Arts and Heritage Center. Separately audited component unit financial statements are issued by the Ada Arts and Heritage Authority and may be obtained by contacting City Clerk of the City of Ada.

The following component units are inactive and therefore no related balances have been reported in these financial statements.

**The Ada Parking Authority** – that operates to furnish and supply public off-street parking services and facilities.

**The Ada Youth Academy Authority** – that operates to promote, develop, and finance projects or facilities relating to the development of law enforcement and corrections.

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In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

## **2. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- Public Safety – Fire and Police – fines and forfeitures, fire run charges, 911 revenue, operating and capital grants
- Airport – rental fees, fuel sales, and capital grants
- Streets and Highways – Commercial vehicle and gasoline excise tax shared by the State, operating and capital grants
- Culture and Recreation – lodge fees, pool fees, library fees, operating grants
- Cemetery – cemetery revenues
- General Government – license and permits, rentals and capital grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

### *Governmental Funds:*

The City's governmental funds are comprised of the following:

#### **Major Funds:**

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, street maintenance, and internal service support.
- Street and Alley Fund – accounts for receipt and use of motor vehicle tax, gasoline excise tax, and use tax.

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- Sales Tax Infrastructure Fund – accounts for dedicated sales tax to be used for capital improvements to streets and alleys, water system, and sewer system.
- Sales Tax Capital Facilities Fund – accounts for dedicated sales tax to be used for capital improvements.
- Sales Tax 2016 Capital Improvement Fund - accounts for dedicated sales tax to be used for capital improvements.

**Aggregated Non-Major Funds (reported as Other Governmental Funds):**

**Special Revenue Funds:**

- Dare Donations Fund – accounts for donations to provide educational materials to area schools for drug prevention.
- Library Memorial Fund – accounts for donations and memorials to be used for library improvements.
- Library State Aid Fund – accounts for the State Department of Libraries annual grant.
- Drug Forfeiture Fund-State/Local– accounts for City’s share of funds from various multi-jurisdictional operations.
- Drug Forfeiture Fund-Federal – accounts for the City’s share of funds from various multi-jurisdictional operations.
- E911 Fund – accounts for collections for the operation of county wide enhanced 911 services.
- Sports Complex Fund – accounts for revenues and expenditures related to the sports complex.
- Park/ Tree Donations – accounts for donations for park and public facility improvements.

**Capital Project Funds:**

- Cemetery Care Fund – accounts for 25 percent of cemetery revenue (12.5 percent is restricted by State law) for cemetery capital improvements.
- Property Owner Participation – accounts for citizen’s participation with City on sidewalk and other infrastructure improvements.
- Airport/Agricultural Cash Fund – accounts for the activities of the municipal airport.

**Debt Service Fund:**

- Sinking Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and their related interest expenses.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus and accrual basis of accounting at the government-wide level.

The General Fund, Street & Alley Fund, Sales Tax Infrastructure Fund, the Sales Tax Capital Facilities Fund and the Sales Tax 2016 Capital Improvement Fund are considered major funds and are therefore

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displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

*Proprietary Funds:*

The City's proprietary funds include:

- APWA Enterprise Fund - that accounts for the activities of the Ada Public Works Authority public trust in providing water, sewer, and sanitation services to the public
- Economic Development Enterprise Fund - that currently accounts for the transfer of a ¼ cent dedicated sales tax to be used for economic development
- Internal Service Fund – that accounts for the acquisition of centralized inventory items and the charges to other funds and departments based on their use of the inventory items

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

### **3. Cash, Cash Equivalents, and Investments**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs; Level 3; inputs are significant unobservable inputs.

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less, and money market investments. Investments consist of time deposits and U.S. agency bonds and notes. Certificates of deposit are reported at cost while investments in the U.S. agency bonds and notes are reported at fair value.

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At June 30, 2017, the primary government held the following deposits and investments:

Type	Maturities	Credit Rating	Carrying Value	Fair Value Hierarchy
<b>Deposits:</b>				
Demand deposits			\$ 55,378,590	-
			<u>55,378,590</u>	-
<b>Investments:</b>				
Purchased judgements	n/a	n/a	70,199	Level 3
			<u>70,199</u>	-
<b>Total deposits and investments</b>			<u><u>\$ 55,448,789</u></u>	-
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents			\$ 55,378,590	
Investments			70,199	
			<u><u>\$ 55,448,789</u></u>	

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 103% of the uninsured deposits and accrued interest thereon. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2017, the City was fully insured or collateralized.

*Investment Credit Risk* – The City’s investment policy limits investments to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged. U.S. agency mortgage-backed securities are permitted for the Emergency Medical Services Fund.
- b. Certificates of deposit or other evidences of deposits that are either insured or secured with acceptable collateral with an in-state financial institution.
- c. No-load money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a. and b.

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Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. It sets no specific limit on investment maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments to minimize the risk of loss resulting from over concentration of assets in a specific maturity period, issuer or class of securities. There may be times when investments are concentrated as to the type. This is acceptable as long as the investments are secured by the U.S. government or collateralized in a manner as set forth by the City’s investment policy. Investments shall be chosen in a manner which promotes diversity by market sector, credit, and maturity.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of Net Position are comprised of \$11,639,252 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) and trustee accounts related to revenue notes.

	<b>APWA Enterprise Fund</b>
Restricted Cash and Cash Equivalents:	
Meter Deposit Cash	792,859
Debt Service Account	959,755
2012A Interest Cash	8,151
2012A Principal Cash	111,357
2015A Interest Cash	41,359
2015A Principal Cash	191,865
2015A Project Cash	4,499,630
2015B Interest Cash	79,765
2015B Principal Cash	507,204
2015B Project Cash	4,447,307
	11,639,252

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**Component Units:**

Valley View Hospital Authority

*Deposits*

At June 30, 2017, the Authority had bank balances of \$290, none of which was uninsured or under collateralized. The carrying value of these deposits was \$290.

*Investments*

The Authority may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2017, the Authority has a \$1,157,227 of an expendable endowment investment. \$100,000 of the trust was donated by various doctors and others and is restricted for capital expenditures only at the hospital. There was a donation of stock and the dividend proceeds are to be used for the nurse auxiliary only (generally less than \$1,000 per year). The rest of the funds are to be spent for the benefit of the hospital but not restricted as to any specific purpose, as long as hospital related. In any event, funds cannot be disbursed by the trust department without prior approval by the trust authority board members. Minutes reflecting the board approval must be sent to the trust department prior to disbursement of the funds.

**Interest Rate Risk** – Interest rate risk is the risk that the fair value of an investment will decrease from rising interest rates. The Authority’s investment policy does not address interest rate risk. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy does not address credit risk. At June 30, 2017, the Authority’s investments in U.S. government obligations were directly guaranteed by the U.S. government.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, The Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority’s investment policy does not address how securities are to be held.

**Concentration of Credit Risk** – The Authority places no limit on the amount that may be invested in any one issuer.

Ada Arts and Heritage Authority

*Deposits*

At June 30, 2017, the Authority had a bank balance of \$23,254. The carrying value of these deposits is \$22,721 at June 30, 2017.

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*Investments*

The Authority may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2017, the Authority had the following investments:

Arts and Heritage	Fair Value	Fair Value Hierarchy
Type		
Demand Deposits	\$ 22,721	-
Bristol Myers Squibb Company Common Stock	39,838	Level 1
	\$ 62,559	-

**4. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated assets are recorded at their fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

For the year ended June 30, 2017, capital assets balances changed as follows:

	Balance at July 1, 2016	Additions	Disposals	Interfund Transfers	Balance at June 30, 2017
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,344,579	\$ -	\$ -	\$ -	\$ 1,344,579
Construction in progress	21,385,463	11,524,811	3,117,155	-	29,793,119
Total capital assets not being depreciated	22,730,042	11,524,811	3,117,155	-	31,137,698
Other capital assets:					
Buildings and Improvements	16,990,555	2,400,770	-	-	19,391,325
Machinery, furniture and equipment	9,641,255	309,612	190,865	(17,510)	9,742,492
Infrastructure	57,972,716	756,298	-	-	58,729,014
Total other capital assets at historical cost	84,604,526	3,466,680	190,865	(17,510)	87,862,831
Less accumulated depreciation for:					
Buildings and Improvements	7,190,307	536,857	-	-	7,727,164
Machinery, furniture and equipment	7,130,916	567,072	190,865	(11,215)	7,495,908
Infrastructure	40,928,970	824,251	-	-	41,753,221
Total accumulated depreciation	55,250,193	1,928,180	190,865	(11,215)	56,976,293
Other capital assets, net	29,354,333	1,538,500	-	(6,295)	30,886,538
Governmental activities capital assets, net	\$ 52,084,375	\$ 13,063,311	\$ 3,117,155	\$ (6,295)	\$ 62,024,236



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	Balance at July 1, 2016	Additions	Disposals	Interfund Transfers	Balance at June 30, 2017
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 948,890	\$ 25,950	\$ -	\$ -	\$ 974,840
Land-water development	1,271,707	865,460	-	-	2,137,167
Water rights	1,260,843	-	-	-	1,260,843
Construction in progress	16,309,499	7,489,144	1,803,876	-	21,994,767
Total capital assets not being depreciated	<u>19,790,939</u>	<u>8,380,554</u>	<u>1,803,876</u>	<u>-</u>	<u>26,367,617</u>
Other capital assets:					
Buildings and Improvements	20,593,511	642,873	-	-	21,236,384
Machinery, furniture and equipment	6,660,711	792,127	172,617	17,510	7,297,731
Utility property improvements	52,630,404	282,844	-	-	52,913,248
Total other capital assets at historical cost	<u>79,884,626</u>	<u>1,717,844</u>	<u>172,617</u>	<u>17,510</u>	<u>81,447,363</u>
Less accumulated depreciation for:					
Buildings and Improvements	11,124,819	313,741	-	-	11,438,560
Machinery, furniture and equipment	4,864,466	407,558	172,617	11,215	5,110,622
Utility property improvements	40,482,651	312,921	-	-	40,795,572
Total accumulated depreciation	<u>56,471,936</u>	<u>1,034,220</u>	<u>172,617</u>	<u>11,215</u>	<u>57,344,754</u>
Other capital assets, net	23,412,690	683,624	-	6,295	24,102,609
Business-type activities capital assets, net	<u>\$ 43,203,629</u>	<u>\$ 9,064,178</u>	<u>\$ 1,803,876</u>	<u>\$ 6,295</u>	<u>\$ 50,470,226</u>

	Balance at July 1, 2016	Additions	Disposals	Interfund Transfers	Balance at June 30, 2017
Ada Arts and Heritage Authority:					
Capital assets:					
Buildings and improvements	\$ 106,958	\$ 10,608	\$ -	\$ -	\$ 117,566
Furniture and equipment	44,264	3,224	-	-	47,488
Total capital assets	<u>151,222</u>	<u>13,832</u>	<u>-</u>	<u>-</u>	<u>165,054</u>
Less accumulated depreciation for:					
Buildings and improvements	19,147	1,551	-	-	20,698
Furniture and equipment	34,300	1,247	-	-	35,547
Total accumulated depreciation	<u>53,447</u>	<u>2,798</u>	<u>-</u>	<u>-</u>	<u>56,245</u>
Ada Arts and Heritage Authority capital assets, net	<u>\$ 97,775</u>	<u>\$ 11,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,809</u>

*Depreciation:*

Depreciable capital assets are depreciated on a straight-line basis over useful lives. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery, furniture and equipment 3-24 years
- Utility property and improvements 15-50 years
- General infrastructure 15-50 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

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**Governmental Activities:**

General Government	\$ 85,402
Streets and Highways	1,043,693
Public Safety	195,893
Cemetery	4,422
Legal and Judicial	9,774
Culture and Recreation	165,212
Airport	406,563
Community Development	17,221
Total	<u>\$ 1,928,180</u>

**Business-Type Activities:**

Water	\$ 454,179
Sewer	312,594
Sanitation	267,447
Total	<u>\$ 1,034,220</u>

**5. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2017, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Judgements payable	\$ 30,620	\$ -	\$ 17,765	\$ 12,855	\$ 3,876
Accrued compensated absences	754,292	42,154	-	796,446	79,645
Net OPEB obligation	379,441	62,883	-	442,324	-
Total Governmental Activities	<u>\$ 1,164,353</u>	<u>\$ 105,037</u>	<u>\$ 17,765</u>	<u>\$ 1,251,625</u>	<u>\$ 83,521</u>
<b>Business-Type Activities:</b>					
Notes payable	\$ 34,876,882	\$ 7,167,340	\$ 2,276,966	\$ 39,767,256	\$ 2,547,360
Accrued compensated absences	449,558	11,433	-	460,991	46,099
Deposits subject to refund	771,222	193,562	171,925	792,859	79,286
Landfill closure liability	2,427,627	166,438	-	2,594,065	38,732
Net OPEB obligation	194,081	27,992	-	222,073	-
Total Business-Type Activities	<u>38,719,370</u>	<u>7,566,765</u>	<u>2,448,891</u>	<u>43,837,244</u>	<u>2,711,477</u>
Total Long-Term Debt	<u>\$ 39,883,723</u>	<u>\$ 7,671,802</u>	<u>\$ 2,466,656</u>	<u>\$ 45,088,869</u>	<u>\$ 2,794,998</u>

*Governmental activities long-term debt:*

Judgements Payable:

Current portion	\$ 3,876
Noncurrent portion	<u>8,979</u>
Total Judgements Payable	<u>\$ 12,855</u>

Accrued Compensated Absences:

Current portion	\$ 79,645
Noncurrent portion	<u>716,801</u>
Total Accrued Compensated Absences	<u>\$ 796,446</u>

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*Business-type activities long-term debt:*

Notes Payable:

\$4,055,000 Sales and Use Tax Revenue Note Series 2012 to Vision Bank, a current refunding of the outstanding portion of the lease/purchase agreement with Honeywell Global Finance, LLC for the replacement or retrofitting of water meters and efficiency upgrades to various City facilities, payable in 19 semi-annual principal installments ranging from \$125,000 to \$235,000 with an annual interest rate of 1.52%, final payment due October 1, 2021.

Current portion	\$ 445,000
Noncurrent portion	<u>1,510,000</u>
	<u>1,955,000</u>

\$13,000,000 Sales Tax Revenue Note Series 2015B to Bank of Oklahoma, for constructing and equipping 2 swimming pools and also senior citizens center, payable in semi-annual principal installments ranging from \$600,000 to \$910,000 with an annual interest rate of 2.05%, final payment due March 1, 2024.

Current portion	1,540,000
Noncurrent portion	<u>10,100,000</u>
	<u>11,640,000</u>

\$5,000,000 Utility Systems Revenue Note Series 2015A to Bank of Oklahoma, for improvements to the Authority's drinking water system, payable in semi-annual principal installments ranging from \$225,000 to \$280,000 with an annual interest rate of 2.29%, final payment due August 1, 2025.

Current portion	460,000
Noncurrent portion	<u>3,870,000</u>
	<u>4,330,000</u>

\$23,290,000 Revenue Note 2015C - OWRB Drinking Water State Revolving Fund for water system improvements. Interest only payments through September 15, 2017. Principal and interest payable in semi-annual principal installments ranging from \$5,000 to \$870,000 with an annual interest rate of 3.02%, final payment due March 15, 2041.

Current portion	5,000
Noncurrent portion	<u>21,469,222</u>
	<u>21,474,222</u>

\$400,000 Note payable for construction equipment, payable in monthly payments of \$8,725 with an annual interest rate of 2.3%, final payment due February 17, 2021.

Current portion	97,360
Noncurrent portion	<u>270,674</u>
	<u>368,034</u>

Total Notes Payable	<u>\$ 39,767,256</u>
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Accrued Compensated Absences:

Current portion		\$ 46,099
Noncurrent portion		<u>414,892</u>
Total Accrued Compensated Absences		<u>\$ 460,991</u>

Deposits Subject to Refund:

Current portion		\$ 79,286
Noncurrent portion		<u>713,573</u>
Total Deposits Subject to Refund		<u>\$ 792,859</u>

Landfill Closure Liability:

Current portion		\$ 38,732
Noncurrent portion		<u>2,555,333</u>
Total Landfill Closure Liability		<u>\$ 2,594,065</u>

Long-term debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	Business-Type Debt	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,547,360	\$ 1,075,863
2019	2,619,591	1,024,235
2020	2,676,874	973,115
2021	2,699,209	917,012
2022	2,713,000	862,459
2023-2027	8,945,000	3,542,357
2028-2032	5,850,000	3,007,995
2033-2037	6,984,000	1,873,497
2038-2041	6,548,000	537,416
Totals	\$ 41,583,034	\$ 13,813,949
Less: Amount yet to be drawn:	(1,815,778)	
	\$ 39,767,256	

**6. Landfill Closure and Post Closure Requirements**

A \$2,594,065 accrued liability has been recognized in the Ada Public Works Authority to represent the total estimated amount owed by the Authority for closure and postclosure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 84.81% of the estimated capacity of the landfill. It is estimated that an additional \$464,780 will be recognized as closure and postclosure expense between the current balance sheet date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The estimated remaining landfill life is 144 months.

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## **7. Net Position and Fund Balances**

### *Net Position:*

Net position reported in the government-wide and proprietary fund financial statements are displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### *Fund Balances:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. *Assigned* – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process. In addition, any fund balance used to assist balancing the subsequent year’s budget is considered assigned.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. In addition, any governmental fund, other than the General Fund which reports a deficit fund balance in total, is shown as negative unassigned fund balance.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed

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amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance/net position classifications as shown in the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	Street & Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facilities Fund	Sales Tax 2016 Capital Improvement Fund	Other Governmental Funds	Total
<b>Fund Balance:</b>							
<b>Restricted For:</b>							
Grant purposes	11,737	-	-	-	-	-	11,737
Streets	-	4,158,354	-	-	-	-	4,158,354
Capital Improvements	-	-	2,628,347	2,681,850	2,287,350	-	7,597,547
D.A.R.E	-	-	-	-	-	4,205	4,205
Library	-	-	-	-	-	127,376	127,376
Police	-	-	-	-	-	2,104	2,104
Parks	-	-	-	-	-	84,587	84,587
Cemetery	-	-	-	-	-	17,555	17,555
Debt Service	-	-	-	-	-	4,939	4,939
Sub-total Restricted	11,737	4,158,354	2,628,347	2,681,850	2,287,350	240,766	12,008,404
<b>Committed to:</b>							
Library	-	-	-	-	-	47,377	47,377
Sub-total Committed	-	-	-	-	-	47,377	47,377
<b>Assigned to:</b>							
D.A.R.E	-	-	-	-	-	10	10
Cemetery	-	-	-	-	-	205,761	205,761
Airport	-	-	-	-	-	449,550	449,550
E911	-	-	-	-	-	45,590	45,590
Police	-	-	-	-	-	1,780	1,780
Library	-	-	-	-	-	6,055	6,055
Capital Improvements	-	-	997,922	299,293	24,788	109,688	1,431,691
Streets	-	206,374	-	-	-	-	206,374
Parks	-	-	-	-	-	2,262	2,262
Health Insurance	216,026	-	-	-	-	-	216,026
Self Insurance	597,216	-	-	-	-	-	597,216
Advance Travel	1,021	-	-	-	-	-	1,021
Unemployment	122,455	-	-	-	-	-	122,455
Workers' Comp	808,734	-	-	-	-	-	808,734
Budget balancing purposes	1,267,642	-	-	-	-	-	1,267,642
Sub-total Assigned	3,013,094	206,374	997,922	299,293	24,788	820,696	5,362,167
<b>Unassigned</b>	1,622,064	-	-	-	-	-	1,622,064
<b>Total Fund Balance</b>	\$ 4,646,895	\$ 4,364,728	\$ 3,626,269	\$ 2,981,143	\$ 2,312,138	\$ 1,108,839	\$ 19,040,012

**Enterprise Funds:**

Restricted For Economic Development	\$ 4,252,082
Restricted for Capital Projects	8,946,937
Restricted for Debt Service	1,899,456
<b>Total Enterprise Fund Restrictions</b>	<u><u>\$ 15,098,475</u></u>

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**Restricted Net Position – Governmental Activities:**

The following table shows the net position restricted for other purposes as shown in the Statement of Net Position:

Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 2,054
Drug Forfeiture Federal Fund	Statutory requirements	50
Cemetery Care Fund	Statutory requirements	17,555
Sinking Fund	Statutory requirements	4,939
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	10,633
D.A.R.E Fund	Other contracts - Contributors	4,205
Library Memorial Fund	Other contracts - Contributors	123,063
Library State Aid Fund	Other contracts - Contributors	4,313
Parks Donation Fund	Other contracts - Contributors	62,308
		<u>230,224</u>
Street and Alley Fund	Enabling legislation	\$ 4,158,354
Sales Tax Infrastructure Fund	Enabling legislation	2,628,347
Sales Tax Capital Facilities Fund	Enabling legislation	2,681,850
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	2,287,350
Sports Complex Park Fund	Enabling legislation	22,279
		<u>11,778,180</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	\$ 1,107,517

**8. Sales Tax Revenue**

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 ¼ cents is recorded in the General Fund. Of that amount ¼ cent is then transferred to the APWA. The APWA transfers the ¼ cent to the Economic Development Fund in accordance with Ordinance Nos. 02-10, 06-15, and 12-10. The remaining 2 cents is retained by the General Fund for operations in accordance with Ordinance No. 1414.
- ¾ cent is recorded in the Sales Tax Infrastructure Fund to be used for various infrastructure projects and improvements as per Ordinance Nos. 02-09, 06-14, and 12-09.
- 1 cent is recorded in the 2016 Sales Tax Capital Improvement Fund to be used for retirement of Sales Tax Revenue Note, Series 2015B as well as various other improvement projects as per Ordinance 14-17

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**9. Property Tax Levy**

Under State constitution and law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of judgments outstanding. There are no outstanding general obligation bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

For the year ended June 30, 2017, the City's net assessed valuation of taxable property was \$99,929,239. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2017 was \$.70 mills.

**10. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.



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*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2017, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 931,212	Sales tax transfer
General Fund	Utility Enterprise Fund	744,969	Sales tax-2012 revenue bond
General Fund	E911 Fund	165,150	Operating subsidy
General Fund	Utility Enterprise Fund (Solid Waste Development Account)	59,154	Interest expense on interfund loan
General Fund	Utility Enterprise Fund	1,862,423	2015B revenue note
General Fund	General Fund (Health Insurance Account)	909,011	Health insurance premiums
General Fund	Unemployment Insurance Fund	10,000	Operating subsidy
General Fund	Liability Self Insurance Fund	50,000	Operating subsidy
General Fund	Workers Comp Fund	125,000	Operating subsidy
General Fund	Sports Complex Park & Recreation Fund	7,300	Operating subsidy
Economic Development Enterprise Fund	Governmental Activities-GW	208,887	Capital assets transferred
E911 Fund	General Fund (Health Insurance Account)	50,628	Operating subsidy
Economic Development Enterprise Fund	Airport/Agriculture Fund	74,500	Operating subsidy
Library State Aid Fund	General Fund	5,700	Operating subsidy
Utility Enterprise Fund	E911 Fund	5,000	Operating subsidy
Utility Enterprise Fund	Liability Self Insurance Fund	50,000	Operating subsidy
Utility Enterprise Fund	Unemployment Insurance Fund	10,000	Operating subsidy
Utility Enterprise Fund	Workers Comp Fund	125,000	Operating subsidy
Utility Enterprise Fund	General Fund	744,969	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	651,750	Subsidy, annual lease of assets, and shared costs
Utility Enterprise Fund	Airport/Agriculture Fund	152,000	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	931,212	Sales tax transfer
Utility Enterprise Fund	Street & Alley	1,103,068	Use tax-2012 revenue bond
Utility Enterprise Fund	Sales Tax Infrastructure Fund	450,000	Capital assets transferred
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	1,968,629	2015B revenue note
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	4,925,527	Sales tax for 2015B revenue note
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	154,225	Portion of landfill collections
Utility Enterprise Fund	Utility Enterprise Fund (Debt Service Account)	1,614,000	2015A and 2015C revenue notes
Utility Enterprise Fund	Utility Enterprise Fund (Environmental Projects Account)	7,941	Interest on loans
Utility Enterprise Fund	Utility Enterprise Fund (Environmental Projects Account)	29,340	Purchase of capital assets
Utility Enterprise Fund	General Fund (Health Insurance Account)	522,410	Health insurance premiums
Utility Enterprise Fund	General Fund	1,862,423	2015B revenue note
Street & Alley Fund	General Fund	1,116,500	Operating subsidy
Street & Alley Fund	E911 Fund	50,300	Operating subsidy
Street & Alley Fund	Utility Enterprise Fund	39,875	Operating subsidy
Street & Alley Fund	Utility Enterprise Fund	1,103,068	Use tax-2012 revenue bond
Street & Alley Fund	Airport/Agriculture Fund	600	Operating subsidy
Street & Alley Fund	Sales Tax Infrastructure Fund	14,750	Operating subsidy
Sales Tax Infrastructure Fund	Utility Enterprise Fund	299,810	Purchase of capital assets
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	129,885	Health insurance premiums
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	3,724,847	2015B principal and interest
Utility Enterprise Fund (Sewer System Account)	Utility Enterprise Fund	587,611	Purchase of capital assets
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	1,059,142	2015A and 2015C revenue notes
Utility Enterprise Fund (Rural Sewer District #5 Account)	Utility Enterprise Fund	54,967	Purchase of capital assets
Utility Enterprise Fund (Water Development Account)	Utility Enterprise Fund	20,950	Purchase of capital assets
Utility Enterprise Fund (Solid Waste Account)	Utility Enterprise Fund	50,735	Purchase of capital assets
Utility Enterprise Fund (Rural Water District #3 Account)	Utility Enterprise Fund	7,865	Purchase of capital assets
Utility Enterprise Fund (Overhead Storage Account)	Utility Enterprise Fund	43,116	Purchase of capital assets
Total		<u>\$ 28,815,449</u>	

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 15,267,348	\$ (11,400,182)	\$ 3,867,166
Proprietary Funds	13,316,171	(17,415,267)	(4,099,096)
Total	<u>\$ 28,583,519</u>	<u>\$ (28,815,449)</u>	<u>\$ (231,930)</u>

**Reconciliation to Statement of Activities:**

Net Transfers	\$ 3,867,166
Transfer capital asset from business-type activities to governmental activities	238,225
Transfer capital asset from governmental activities to business-type activities	(6,295)
Transfer water/sewer expenses to business-type activities	(424,074)
Transfers - internal activity	<u>\$ 3,675,022</u>

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*Balances:*

Interfund receivables and payables at June 30, 2017, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Sales Tax 2016 Capital Improvement	APWA (Solid Waste Development Account)	\$ 345,346	Interfund loan
General Fund	APWA (Solid Waste Development Account)	226,117	Interfund loan
General Fund	Sports Complex Fund	8,334	Interfund loan
Total		<u>\$ 579,797</u>	

**Reconciliation to Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 8,334	\$ (579,797)	\$ (571,463)
Proprietary Funds	571,463	-	571,463
Total	<u>\$ 579,797</u>	<u>\$ (579,797)</u>	<u>\$ -</u>

## 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Workers' Compensation – Self insured up to \$600,000 per occurrence for all employees, including police and fire employees. Additional coverage through Midwest Employers Casualty
- Dental Insurance – Self insured
- Employee's Group Medical – Self insured with Blue Cross as the third party administrator; stop loss begins at \$70,000 with no limit.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City.

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## **12. Commitments and Contingencies**

### *Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

### *Federal and State Award Programs:*

The City of Ada participates in various federal or state grant/loan programs from year to year. In 2017, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

### *Ada Arts & Heritage Authority:*

On October 3, 2017 the Ada Arts & Heritage Board relinquished the assets of the Trust to the City of Ada. The Trust will remain inactive; however, the operations of the facility will become a function of the City of Ada in FY 2017-2018.

## **13. Pension Plan Participation**

The City of Ada participates in three pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement System Master Defined Contribution Plan and Trust (OkMRF) – an agent multiple-employer defined contribution plan

### *Firefighters' Plan:*

**Plan description** - The City of Ada, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Benefits provided** - OFPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have

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completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$207,160. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$531,420 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$486,595. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the City reported a liability of \$6,438,640 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 0.527016%.

For the year ended June 30, 2017, the City recognized pension expense of \$681,073. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 172,602	-
Net difference between projected and actual earnings on pension plan investments	393,946	\$ -
Changes in proportion and differences between City contributions and proportionate share of contributions	155,012	52,671
City contributions during measurement date	-	4,478
City contributions subsequent to the measurement date	207,160	-
Total	<u>\$ 928,720</u>	<u>\$ 57,149</u>

\$207,160 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 66,184
2019	66,184
2020	271,277
2021	206,552
2022	42,245
Thereafter	11,969
	<u>\$ 664,411</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of

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arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.18%
Domestic equity	47%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	8%	6.24%

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**- The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 8,150,771	\$ 6,438,640	\$ 5,003,148

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OFPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Police Plan:**

**Plan description** - The City of Ada, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

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**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$217,596. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$191,501 during the current fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$190,410. These on-behalf payments did not meet the criteria of a special funding situation.

**Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the City reported a liability of \$811,923 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 0.5301693%.

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For the year ended June 30, 2017, the City recognized pension expense of \$289,460. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,605	\$ 91,203
Net difference between projected and actual earnings on pension plan investments	780,119	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	2,600
City contributions during measurement date	-	2,643
City contributions subsequent to the measurement date	217,596	-
Total	\$ 1,000,320	\$ 96,446

\$217,596 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 111,733
2019	111,733
2020	271,407
2021	191,263
2022	142
	\$ 686,278

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.



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Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private equity	8.32%
Commodities	2.42%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on

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pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension (asset) liability	\$ 2,130,220	\$ 811,923	\$ (301,179)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

*OkMRF Defined Contribution Plan:*

The City has provided a defined contribution plan and trust known as the City of Ada Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by Voya Financial. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at date of hire, are required to contribute at least 5% and may make contributions to the plan up to 25% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 13% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 50% after 5 years of service, 10% thereafter until fully vested after 10 years of service. The City Manager's contributions are vested at 20% after one year of service, 20% thereafter until fully vested after five years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Council.

*Summary of Contributions:*

Oklahoma Municipal Retirement Fund		
Fiscal Year	Employee Contribution	Employer Contribution
2015	342,451	890,370
2016	349,679	909,164
2017	347,066	897,688

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**14. Postemployment Healthcare Plan**

*Plan Description.* The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System or the City of Ada Retirement Plan. Retired firefighters are not eligible to participate as they previously opted out to obtain a policy on their own. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for the retiree and spouse but only for the lifetime of the retiree. Authority to establish and amend benefit provisions rest with the City Council. Benefits are paid from general operating assets of the City.

*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City during the budgeting process. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017, the actuarially expected City contributions in the form of net age adjustment were to be \$106,044 to the Plan. Plan members receiving benefits contributed \$15,160 of the total premiums, through their payment of the full determined premium in FY 2017.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2017:

Normal Cost	\$	136,443
Amortization of Actuarial Accrued Liability (AAL)		(30,399)
Annual OPEB cost (expense)		<u>106,044</u>
Expected net benefits during the year		<u>(15,160)</u>
Increase in net OPEB obligation		90,884
Net OPEB obligation - beginning of year		<u>573,523</u>
Net OPEB obligation - end of year	\$	<u><u>664,407</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$80,187	28%	\$482,639
6/30/2016	\$106,044	14%	\$573,523
6/30/2017	\$106,044	14%	\$664,407

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*Funded Status and Funding Progress.* As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,075,752, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,075,752. The covered payroll (annual payroll of active employees covered by the plan) was \$8.08 million, and the ratio of the UAAL to the covered payroll was 13 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2060. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2015, was twenty-three years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

## **15. Use of Estimates**

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule – Year Ended June 30, 2017**

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$2,579,251	\$2,579,251	\$3,978,855	\$1,399,604
<b>Resources (Inflows):</b>				
Taxes	8,630,300	9,249,050	9,249,389	339
Intergovernmental	993,000	1,007,334	312,019	(695,315)
Licenses and permits	88,700	88,700	137,377	48,677
Charges for services	193,400	193,400	248,478	55,078
Fees and fines	389,000	389,000	372,832	(16,168)
Investment income	41,350	41,350	49,079	7,729
Miscellaneous	2,291,500	2,316,500	2,088,741	(227,759)
Other financing sources	4,361,400	4,553,600	4,751,342	197,742
<b>Total Resources (Inflows):</b>	<u>16,988,650</u>	<u>17,838,934</u>	<u>17,209,257</u>	<u>(629,677)</u>
<b>Amounts available for appropriation</b>	<u>\$19,567,901</u>	<u>\$20,418,185</u>	<u>\$21,188,112</u>	<u>\$769,927</u>
<b>Charges to Appropriations (Outflows):</b>				
General government	4,604,552	4,661,167	3,836,950	824,217
Public safety	5,988,350	6,213,794	5,541,732	672,062
Streets and highways	922,750	928,900	817,531	111,369
Legal and judicial	389,150	390,150	349,140	41,010
Cemetery	211,250	213,650	211,105	2,545
Culture and recreation	1,751,050	1,845,975	1,508,767	337,208
Community development	464,250	408,100	382,398	25,702
Other financing uses	3,667,550	3,936,100	3,905,331	30,769
<b>Total Charges to Appropriations</b>	<u>17,998,902</u>	<u>18,597,836</u>	<u>16,552,954</u>	<u>2,044,882</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,568,999</u>	<u>\$1,820,349</u>	<u>\$4,635,158</u>	<u>\$2,814,809</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Sudden and Severe Economic Dislocation Account			1,104	
CDBG Home Grant Fund Account			10,633	
<b>Total General Fund Fund Balance</b>			<u>\$4,646,895</u>	

(Unaudited. See accompanying auditor's report.)

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	<b>STREET AND ALLEY FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$4,482,568	\$4,482,568	\$4,482,568	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	-	1,146,746	1,146,746
Intergovernmental	2,701,000	2,701,000	150,852	(2,550,148)
Investment income	18,700	18,700	31,760	13,060
Miscellaneous	60,000	60,000	255	(59,745)
Other financing sources	1,210,000	1,210,000	1,103,068	(106,932)
<b>Total Resources (Inflows):</b>	<u>3,989,700</u>	<u>3,989,700</u>	<u>2,432,681</u>	<u>(1,557,019)</u>
<b>Amounts available for appropriation</b>	<u>\$8,472,268</u>	<u>\$8,472,268</u>	<u>\$6,915,249</u>	<u>(\$1,557,019)</u>
<b>Charges to Appropriations (Outflows):</b>				
Streets and highways	4,645,000	4,645,000	225,428	4,419,572
Other financing uses	1,920,000	2,432,025	2,325,093	106,932
<b>Total Charges to Appropriations</b>	<u>6,565,000</u>	<u>7,077,025</u>	<u>2,550,521</u>	<u>4,526,504</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,907,268</u>	<u>\$1,395,243</u>	<u>\$4,364,728</u>	<u>\$2,969,485</u>

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedules are reported using the modified accrual basis with the exception of capital lease activities and on-behalf payments made by the state related to firefighter and police pensions.
2. The legal level of appropriation control is the department level. Transfers of appropriation within a department require the approval of the City Manager, up to \$30,000; all others require City Council. In addition, all transfers from contingency line items require City Council approval. Any supplemental appropriations require the approval of the City Council and are to be filed with the Office of the State Auditor and Inspector.

(Unaudited. See accompanying auditor's report.)

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2015	2016	2017
City's proportion of the net pension liability	0.517189%	0.510539%	0.527016%
City's proportionate share of the net pension liability	\$ 5,318,504	\$ 5,418,913	\$ 6,438,640
City's covered-employee payroll	\$ 1,439,349	\$ 1,371,422	\$ 1,474,173
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370%	395%	437%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the last three fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017
Statutorially required contribution	\$ 191,999	\$ 206,384	\$ 207,160
Contributions in relation to the statutorially required contribution	191,999	206,384	207,160
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,371,422	\$ 1,474,173	\$ 1,479,714
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%

**Notes to Schedule:**

Only the last three fiscal years are presented because 10-year data is not yet available.



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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2015	2016	2017
City's proportion of the net pension liability (asset)	0.5352%	0.5324%	0.5302%
City's proportionate share of the net pension liability (asset)	\$ (180,196)	\$ 21,709	\$ 811,923
City's covered-employee payroll	\$ 1,497,274	\$ 1,504,919	\$ 1,563,515
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.03%	1.44%	51.93%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the last three fiscal years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

	2015	2016	2017
Statutorially required contribution	\$ 195,639	\$ 203,257	\$ 217,596
Contributions in relation to the statutorially required contribution	195,639	203,257	217,596
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,504,919	\$ 1,563,515	\$ 1,673,815
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%

**Notes to Schedule:**

Only the last three fiscal years are presented because 10-year data is not yet available.

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***Required Supplementary Information – OPEB***

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2013
Actuarial accrued liability - AAL	896,706
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL	896,706
Funded ratio	0%
Covered payroll	7,967,000
UAAL as a % of covered payroll	11%
	July 1, 2014
Actuarial accrued liability - AAL	896,706
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL	896,706
Funded ratio	0%
Covered payroll	7,967,000
UAAL as a % of covered payroll	11%
	July 1, 2015
Actuarial accrued liability - AAL	1,075,752
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL	1,075,752
Funded ratio	0%
Covered payroll	8,080,000
UAAL as a % of covered payroll	13%
	July 1, 2016
Actuarial accrued liability - AAL	1,075,752
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL	1,075,752
Funded ratio	0%
Covered payroll	8,080,000
UAAL as a % of covered payroll	13%

(Unaudited. See accompanying auditor’s report.)

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**SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts - June 30, 2017**

	<u>General Fund</u>	<u>Sudden and Severe Economic Dislocation Account</u>	<u>CDBG Home Grant Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,039,097	\$ 1,104	\$ 10,633	\$ 4,050,834
Investments	70,199	-	-	70,199
Receivable from other governments	1,141,750	-	-	1,141,750
Taxes receivable, net	79,552	-	-	79,552
Court fines receivable, net	570,256	-	-	570,256
Other receivables	11,153	-	-	11,153
Total assets	<u>\$ 5,912,007</u>	<u>\$ 1,104</u>	<u>\$ 10,633</u>	<u>\$ 5,923,744</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 99,790	\$ -	\$ -	\$ 99,790
Accrued payroll liabilities	357,923	-	-	357,923
Due to other funds	234,451	-	-	234,451
Due to bondholders	7,514	-	-	7,514
Payable to other governments	10,745	-	-	10,745
Other payables	2,150	-	-	2,150
Total liabilities	<u>712,573</u>	<u>-</u>	<u>-</u>	<u>712,573</u>
Deferred inflows of resources:				
Deferred revenue	564,276	-	-	564,276
Fund balances:				
Restricted	-	1,104	10,633	11,737
Assigned	3,013,094	-	-	3,013,094
Unassigned	1,622,064	-	-	1,622,064
Total fund balances	<u>4,635,158</u>	<u>1,104</u>	<u>10,633</u>	<u>4,646,895</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,912,007</u>	<u>\$ 1,104</u>	<u>\$ 10,633</u>	<u>\$ 5,923,744</u>

**CITY OF ADA, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2017**

	<b>General Fund</b>	<b>Sudden and Severe Economic Dislocation Account</b>	<b>CDBG Home Grant Account</b>	<b>Total General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 9,249,389	\$ -	\$ -	\$ 9,249,389
Fees and fines	372,832	-	-	372,832
Licenses and permits	137,377	-	-	137,377
Intergovernmental	1,034,940	-	-	1,034,940
Charges for services	248,478	-	-	248,478
Investment income	49,079	-	86	49,165
Miscellaneous	488,948	-	-	488,948
Total revenues	<u>11,581,043</u>	<u>-</u>	<u>86</u>	<u>11,581,129</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,507,785	-	-	3,507,785
Public safety	5,647,562	-	-	5,647,562
Streets and highways	715,946	-	-	715,946
Legal and judicial	304,189	-	-	304,189
Cemetery	188,643	-	-	188,643
Culture and recreation	1,255,365	-	-	1,255,365
Economic development	356,735	-	-	356,735
Capital outlay	447,572	-	-	447,572
Total expenditures	<u>12,423,797</u>	<u>-</u>	<u>-</u>	<u>12,423,797</u>
Excess (deficiency) of revenues over expenditures	<u>(842,754)</u>	<u>-</u>	<u>86</u>	<u>(842,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,363,276	-	-	6,363,276
Transfers out	<u>(4,864,219)</u>	<u>-</u>	<u>-</u>	<u>(4,864,219)</u>
Total other financing sources and uses	<u>1,499,057</u>	<u>-</u>	<u>-</u>	<u>1,499,057</u>
Net change in fund balances	656,303	-	86	656,389
Fund balances - beginning	3,978,855	1,104	10,547	3,990,506
Fund balances - ending	<u>\$ 4,635,158</u>	<u>\$ 1,104</u>	<u>\$ 10,633</u>	<u>\$ 4,646,895</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2017**

	SPECIAL REVENUE FUNDS							
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Sports Complex Fund	Parks Donation Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,215	\$ 177,220	\$ 3,258	\$ 3,834	\$ 50	\$ 24,481	\$ 23,069	\$ 64,570
Due from other funds	-	-	-	-	-	-	8,334	-
Due from other governments	-	-	-	-	-	-	-	-
Other receivables	-	-	1,330	-	-	41,419	-	-
Total Assets	<u>\$ 4,215</u>	<u>\$ 177,220</u>	<u>\$ 4,588</u>	<u>\$ 3,834</u>	<u>\$ 50</u>	<u>\$ 65,900</u>	<u>\$ 31,403</u>	<u>\$ 64,570</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 371	-	\$ -
Accrued payroll liabilities	-	-	-	-	-	19,939	9,124	-
Due to other funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,310</u>	<u>9,124</u>	<u>-</u>
Deferred inflows of resources:								
Deferred revenue	-	-	-	-	-	-	-	-
<b>FUND EQUITY</b>								
Fund balances:								
Restricted	4,205	123,063	4,313	2,054	50	-	22,279	62,308
Committed	-	47,377	-	-	-	-	-	-
Assigned	10	5,780	275	1,780	-	45,590	-	2,262
Total Fund Equity	<u>4,215</u>	<u>176,220</u>	<u>4,588</u>	<u>3,834</u>	<u>50</u>	<u>45,590</u>	<u>22,279</u>	<u>64,570</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 4,215</u>	<u>\$ 177,220</u>	<u>\$ 4,588</u>	<u>\$ 3,834</u>	<u>\$ 50</u>	<u>\$ 65,900</u>	<u>\$ 31,403</u>	<u>\$ 64,570</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2017, (Continued)**

	CAPITAL PROJECT FUNDS			DEBT SERVICE	TOTALS
	Cemetery Care Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 223,316	\$ 110,364	\$ 456,319	\$ 4,000	\$ 1,094,696
Due from other funds	-	-	-	-	8,334
Due from other governments	-	-	84,911	32,591	117,502
Other receivables	-	-	-	-	42,749
Total Assets	<u>\$ 223,316</u>	<u>\$ 110,364</u>	<u>\$ 541,230</u>	<u>\$ 36,591</u>	<u>\$ 1,263,281</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 676	\$ 3,713	\$ -	\$ 5,760
Accrued payroll liabilities	-	-	3,056	-	32,119
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>676</u>	<u>6,769</u>	<u>-</u>	<u>37,879</u>
Deferred inflows of resources:					
Deferred revenue	-	-	84,911	31,652	116,563
<b>FUND EQUITY</b>					
Fund balances:					
Restricted	17,555	-	-	4,939	240,766
Committed	-	-	-	-	47,377
Assigned	205,761	109,688	449,550	-	820,696
Total Fund Equity	<u>223,316</u>	<u>109,688</u>	<u>449,550</u>	<u>4,939</u>	<u>1,108,839</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 223,316</u>	<u>\$ 110,364</u>	<u>\$ 541,230</u>	<u>\$ 36,591</u>	<u>\$ 1,263,281</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2017**

	SPECIAL REVENUE FUNDS							
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Sports Complex Fund	Parks Donation Fund
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,177	\$ -	\$ -
Intergovernmental	-	-	33,933	2,060	-	-	-	-
Charges for services	-	6,789	-	-	-	-	80,057	-
Investment earnings	-	1,666	95	-	-	583	108	568
Miscellaneous	5,601	23,799	-	-	-	25	1,300	20,999
Total revenues	<u>5,601</u>	<u>32,254</u>	<u>34,028</u>	<u>2,060</u>	<u>-</u>	<u>481,785</u>	<u>81,465</u>	<u>21,567</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	4,717	-	-	2,848	-	660,375	-	-
Culture and recreation	-	58,687	8,366	-	-	-	66,486	31,681
Airport	-	-	-	-	-	-	-	-
Capital Outlay	-	36,917	15,495	-	-	1,214	-	3,792
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total Expenditures	<u>4,717</u>	<u>95,604</u>	<u>23,861</u>	<u>2,848</u>	<u>-</u>	<u>661,589</u>	<u>66,486</u>	<u>35,473</u>
Excess (deficiency) of revenues over expenditures	<u>884</u>	<u>(63,350)</u>	<u>10,167</u>	<u>(788)</u>	<u>-</u>	<u>(179,804)</u>	<u>14,979</u>	<u>(13,906)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from sale of land	-	-	-	-	-	-	-	1,000
Transfers in	-	-	-	-	-	220,450	7,300	-
Transfers out	-	-	(5,700)	-	-	(50,628)	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(5,700)</u>	<u>-</u>	<u>-</u>	<u>169,822</u>	<u>7,300</u>	<u>1,000</u>
Net change in fund balances	884	(63,350)	4,467	(788)	-	(9,982)	22,279	(12,906)
Fund balances - beginning	3,331	239,570	121	4,622	50	55,572	-	77,476
Fund balances - ending	<u>\$ 4,215</u>	<u>\$ 176,220</u>	<u>\$ 4,588</u>	<u>\$ 3,834</u>	<u>\$ 50</u>	<u>\$ 45,590</u>	<u>\$ 22,279</u>	<u>\$ 64,570</u>



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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2017 (Continued)**

	<u>CAPITAL PROJECT FUNDS</u>			<u>DEBT SERVICE FUND</u>	<u>TOTALS</u>
	<u>Cemetery Care Fund</u>	<u>Property Owners Part.</u>	<u>Airport AG/Cash Fund</u>	<u>Sinking Fund</u>	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 78,354	\$ 559,531
Intergovernmental	-	-	849,268	-	885,261
Charges for services	15,489	-	166,455	-	268,790
Investment earnings	-	910	3,076	-	7,006
Miscellaneous	60	-	2,717	10,000	64,501
Total revenues	<u>15,549</u>	<u>910</u>	<u>1,021,516</u>	<u>88,354</u>	<u>1,785,089</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	10,000	10,000
Public safety	-	-	-	-	667,940
Culture and recreation	-	-	-	-	165,220
Airport	-	-	161,721	-	161,721
Capital Outlay	78,459	4,348	1,054,963	-	1,195,188
Debt Service:					
Principal	-	-	-	63,633	63,633
Interest and other charges	-	-	-	13,669	13,669
Total Expenditures	<u>78,459</u>	<u>4,348</u>	<u>1,216,684</u>	<u>87,302</u>	<u>2,277,371</u>
Excess (deficiency) of revenues over expenditures	<u>(62,910)</u>	<u>(3,438)</u>	<u>(195,168)</u>	<u>1,052</u>	<u>(492,282)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of land	-	-	-	-	1,000
Transfers in	-	-	227,100	-	454,850
Transfers out	-	-	-	-	(56,328)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>227,100</u>	<u>-</u>	<u>399,522</u>
Net change in fund balances	(62,910)	(3,438)	31,932	1,052	(92,760)
Fund balances - beginning	286,226	113,126	417,618	3,887	1,201,599
Fund balances - ending	<u>\$ 223,316</u>	<u>\$ 109,688</u>	<u>\$ 449,550</u>	<u>\$ 4,939</u>	<u>\$ 1,108,839</u>

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2017**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 2,258,199	\$ 5,973,495	\$ -	\$ 497,839	\$ 6,480,516	\$ 3,505,490	\$ 322,876
Restricted cash and cash equivalents	9,886,638	-	792,859	-	-	-	-
Due from other funds	-	571,463	-	-	-	-	-
Accounts Receivable, net	2,213,634	152	-	-	174,540	57,755	-
Total current assets	<u>14,358,471</u>	<u>6,545,110</u>	<u>792,859</u>	<u>497,839</u>	<u>6,655,056</u>	<u>3,563,245</u>	<u>322,876</u>
Non-current assets:							
Capital Assets:							
Land and construction in progress	22,969,606	-	-	-	3,398,011	-	-
Other capital assets, net of accumulated depreciation	24,102,609	-	-	-	-	-	-
Total non-current assets	<u>47,072,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,398,011</u>	<u>-</u>	<u>-</u>
Total assets	<u>61,430,686</u>	<u>6,545,110</u>	<u>792,859</u>	<u>497,839</u>	<u>10,053,067</u>	<u>3,563,245</u>	<u>322,876</u>
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable	275,496	-	-	-	1,270	-	-
Accrued payroll liabilities	188,330	-	-	-	-	-	-
Accrued interest payable	337,309	-	-	-	-	-	-
Due to other funds	244,513	-	-	-	-	(244,513)	-
Other liabilities	6,933	-	-	-	-	-	-
Due to depositors	-	-	79,286	-	-	-	-
Accrued compensated absences	46,099	-	-	-	-	-	-
Landfill closure liability	38,732	-	-	-	-	-	-
Notes payable	2,547,360	-	-	-	-	-	-
Total current liabilities	<u>3,684,772</u>	<u>-</u>	<u>79,286</u>	<u>-</u>	<u>1,270</u>	<u>(244,513)</u>	<u>-</u>
Non-current liabilities:							
Due to depositors	-	-	713,573	-	-	-	-
Accrued compensated absences	414,892	-	-	-	-	-	-
Landfill closure liability	2,555,333	-	-	-	-	-	-
Notes payable	37,219,896	-	-	-	-	-	-
Net OPEB obligation	222,073	-	-	-	-	-	-
Total non-current liabilities	<u>40,412,194</u>	<u>-</u>	<u>713,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>44,096,966</u>	<u>-</u>	<u>792,859</u>	<u>-</u>	<u>1,270</u>	<u>(244,513)</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	7,304,959	-	-	-	3,398,011	-	-
Restricted for debt service	939,701	-	-	-	-	-	-
Restricted for capital projects	8,946,937	-	-	-	-	-	-
Unrestricted	142,123	6,545,110	-	497,839	6,653,786	3,807,758	322,876
Total net position	<u>\$ 17,333,720</u>	<u>\$ 6,545,110</u>	<u>\$ -</u>	<u>\$ 497,839</u>	<u>\$ 10,051,797</u>	<u>\$ 3,807,758</u>	<u>\$ 322,876</u>

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2017,**  
**(Continued)**

	Overhead Water Storage Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 104,078	\$ 499,453	\$ 66,890	\$ 1,407,658	\$ 281,753	\$ -	\$ 21,398,247
Restricted cash and cash equivalents	-	-	-	-	-	959,755	11,639,252
Due from other funds	-	-	-	-	-	-	571,463
Accounts Receivable, net	-	-	-	43,125	-	-	2,489,206
Total current assets	<u>104,078</u>	<u>499,453</u>	<u>66,890</u>	<u>1,450,783</u>	<u>281,753</u>	<u>959,755</u>	<u>36,098,168</u>
Non-current assets:							
Capital Assets:							
Land and construction in progress	-	-	-	-	-	-	26,367,617
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	24,102,609
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,470,226</u>
Total assets	<u>104,078</u>	<u>499,453</u>	<u>66,890</u>	<u>1,450,783</u>	<u>281,753</u>	<u>959,755</u>	<u>86,568,394</u>
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable	583	-	-	3,700	-	-	281,049
Accrued payroll liabilities	-	-	-	-	-	-	188,330
Accrued interest payable	-	-	-	-	-	-	337,309
Due to other funds	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	6,933
Due to depositors	-	-	-	-	-	-	79,286
Accrued compensated absences	-	-	-	-	-	-	46,099
Landfill closure liability	-	-	-	-	-	-	38,732
Notes payable	-	-	-	-	-	-	2,547,360
Total current liabilities	<u>583</u>	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>3,525,098</u>
Non-current liabilities:							
Due to depositors	-	-	-	-	-	-	713,573
Accrued compensated absences	-	-	-	-	-	-	414,892
Landfill closure liability	-	-	-	-	-	-	2,555,333
Notes payable	-	-	-	-	-	-	37,219,896
Net OPEB obligation	-	-	-	-	-	-	222,073
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,125,767</u>
Total liabilities	<u>583</u>	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>44,650,865</u>
<b>NET POSITION</b>							
Net investment in capital assets	-	-	-	-	-	-	10,702,970
Restricted for debt service	-	-	-	-	-	959,755	1,899,456
Restricted for capital projects	-	-	-	-	-	-	8,946,937
Unrestricted	103,495	499,453	66,890	1,447,083	281,753	-	20,368,166
Total net position	<u>\$ 103,495</u>	<u>\$ 499,453</u>	<u>\$ 66,890</u>	<u>\$ 1,447,083</u>	<u>\$ 281,753</u>	<u>\$ 959,755</u>	<u>\$ 41,917,529</u>

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund  
Accounts -Year Ended June 30, 2017**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
<b>REVENUES</b>							
Charges for services:							
Water	\$ 6,663,014	\$ -	\$ -	\$ 41,444	\$ 1,035,148	\$ -	\$ 11
Sewer	1,606,910	-	-	-	-	349,591	-
Sanitation	3,358,251	-	-	-	-	-	-
Solid waste fee	-	1,599	-	-	-	-	-
Recycling income	226,565	-	-	-	-	-	-
Lease revenue	1,114	-	-	-	600	-	-
Miscellaneous	365,875	-	-	-	-	-	-
Total operating revenues	<u>12,221,729</u>	<u>1,599</u>	<u>-</u>	<u>41,444</u>	<u>1,035,748</u>	<u>349,591</u>	<u>11</u>
<b>OPERATING EXPENSES</b>							
Public works director	195,973	-	-	-	-	-	-
Billing and collecting	378,358	-	-	-	-	-	-
Water plant	529,725	-	-	-	9,356	-	-
Liquid waste	619,279	-	-	-	-	-	-
Administration	1,478,964	-	-	-	-	-	-
Water and sewer line maintenance	1,101,377	-	-	-	-	-	-
Solid waste	2,229,170	19,666	-	-	-	-	-
Landfill operations	166,438	-	-	-	-	-	-
Construction	588,972	-	-	-	-	-	-
Depreciation	1,034,220	-	-	-	-	-	-
Total operating expenses	<u>8,322,476</u>	<u>19,666</u>	<u>-</u>	<u>-</u>	<u>9,356</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>3,899,253</u>	<u>(18,067)</u>	<u>-</u>	<u>41,444</u>	<u>1,026,392</u>	<u>349,591</u>	<u>11</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	44,506	45,118	-	3,854	49,738	27,770	2,544
Miscellaneous revenue	55,727	-	-	-	-	-	-
Gain on capital asset disposal	130,064	-	-	-	-	-	-
Interest expense	<u>(1,034,748)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenue (expenses)	<u>(804,451)</u>	<u>45,118</u>	<u>-</u>	<u>3,854</u>	<u>49,738</u>	<u>27,770</u>	<u>2,544</u>
Income before contributions and transfers	<u>3,094,802</u>	<u>27,051</u>	<u>-</u>	<u>45,298</u>	<u>1,076,130</u>	<u>377,361</u>	<u>2,555</u>
Capital contributions	-	-	-	-	-	147,302	-
Transfers in	10,586,763	176,254	-	-	-	7,942	-
Transfers out	<u>(15,307,494)</u>	<u>(50,735)</u>	<u>-</u>	<u>(7,865)</u>	<u>(20,950)</u>	<u>(587,611)</u>	<u>-</u>
Change in net position	<u>(1,625,929)</u>	<u>152,570</u>	<u>-</u>	<u>37,433</u>	<u>1,055,180</u>	<u>(55,006)</u>	<u>2,555</u>
Total net position - beginning	<u>18,959,649</u>	<u>6,392,540</u>	<u>-</u>	<u>460,406</u>	<u>8,996,617</u>	<u>3,862,764</u>	<u>320,321</u>
Total net position - ending	<u>\$ 17,333,720</u>	<u>\$ 6,545,110</u>	<u>\$ -</u>	<u>\$ 497,839</u>	<u>\$ 10,051,797</u>	<u>\$ 3,807,758</u>	<u>\$ 322,876</u>

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2017**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund**  
**Accounts -Year Ended June 30, 2017, (Continued)**

	<u>Overhead Water Storage Account</u>	<u>Water Wells and Trans Account</u>	<u>RWD #4 Account</u>	<u>Environmental Projects Account</u>	<u>RSD #5 Account</u>	<u>APWA Debt Service Account</u>	<u>Total</u>
<b>REVENUES</b>							
Charges for services:							
Water	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 7,739,622
Sewer	-	-	-	-	63,550	-	2,020,051
Sanitation	-	-	-	-	-	-	3,358,251
Solid waste fee	-	-	-	-	-	-	1,599
Recycling income	-	-	-	-	-	-	226,565
Lease revenue	-	-	-	-	-	-	1,714
Miscellaneous	-	-	-	-	-	-	365,875
Total operating revenues	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>63,550</u>	<u>-</u>	<u>13,713,677</u>
<b>OPERATING EXPENSES</b>							
Public works director	-	-	-	-	-	-	195,973
Billing and collecting	-	-	-	-	-	-	378,358
Water plant	-	-	-	86,625	-	-	625,706
Liquid waste	-	-	-	-	5,570	-	624,849
Administration	-	-	-	-	-	-	1,478,964
Water and sewer line maintenance	-	-	-	-	-	-	1,101,377
Solid waste	-	-	-	-	-	-	2,248,836
Landfill operations	-	-	-	-	-	-	166,438
Construction	-	-	-	-	-	-	588,972
Depreciation	-	-	-	-	-	-	1,034,220
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,625</u>	<u>5,570</u>	<u>-</u>	<u>8,443,693</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>5</u>	<u>(86,625)</u>	<u>57,980</u>	<u>-</u>	<u>5,269,984</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	595	4,057	527	10,680	2,197	5,671	197,257
Miscellaneous revenue	58,362	-	-	261,848	-	-	375,937
Gain on capital asset disposal	-	-	-	-	-	-	130,064
Interest expense	-	-	-	-	-	-	(1,034,748)
Total non-operating revenue (expenses)	<u>58,957</u>	<u>4,057</u>	<u>527</u>	<u>272,528</u>	<u>2,197</u>	<u>5,671</u>	<u>(331,490)</u>
Income before contributions and transfers	<u>58,957</u>	<u>4,057</u>	<u>532</u>	<u>185,903</u>	<u>60,177</u>	<u>5,671</u>	<u>4,938,494</u>
Capital contributions	-	-	-	-	-	-	147,302
Transfers in	-	-	-	-	-	1,614,000	12,384,959
Transfers out	(43,116)	-	-	-	(54,967)	(1,059,142)	(17,131,880)
Change in net position	<u>15,841</u>	<u>4,057</u>	<u>532</u>	<u>185,903</u>	<u>5,210</u>	<u>560,529</u>	<u>338,875</u>
Total net position - beginning	87,654	495,396	66,358	1,261,180	276,543	399,226	41,578,654
Total net position - ending	<u>\$ 103,495</u>	<u>\$ 499,453</u>	<u>\$ 66,890</u>	<u>\$ 1,447,083</u>	<u>\$ 281,753</u>	<u>\$ 959,755</u>	<u>\$ 41,917,529</u>

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Schedule of Expenditures of State Awards – Year Ended June 30, 2017**

SCHEDULE OF EXPENDITURES OF STATE AWARDS

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
<b>STATE AWARDS:</b>			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
FY 17 State Aid	N/A	15,190	15,001
FY 16 State Aid	N/A	16,120	1,741
Total Oklahoma Department of Libraries		<u>31,310</u>	<u>16,742</u>
OKLAHOMA AERONAUTICS COMMISSION:			
Various Airport Improvements	ADH-16-FS	<u>97,675</u>	<u>38,193</u>
OKLAHOMA ATTORNEY GENERAL:			
Oklahoma Safe Program	JRI-2014-03	<u>100,000</u>	<u>-</u>
TOBACCO SETTLEMENT ENDOWMENT TRUST:			
Healthy Communities Incentive Grant-OK Tobacco Settlement Endowment Trust	HICG-2014-ADA CI-00005	<u>100,000</u>	<u>-</u>
<b>TOTAL STATE AWARDS</b>		<u><u>\$328,985</u></u>	<u><u>\$54,935</u></u>

**Footnotes to Schedule of Expenditures of State Awards:**

1. The Schedule of Expenditures of State Awards is prepared on an accrual basis of accounting. The state awards expended are recorded when the liability is incurred regardless of when the award proceeds are received.

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Ada, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 11, 2018. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the Ada Arts and Heritage Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

(Continued)



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

**Internal Control Over Financial Reporting, Continued**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 11, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council  
City of Ada, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ada, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

**Report on Internal Control Over Compliance, Continued**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 11, 2018

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Schedule of Expenditures of Federal Awards – Year Ended June 30, 2017**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Passed-Through to Subrecipients	Program or Award Amount	Federal Expenditures
<b>FEDERAL ASSISTANCE:</b>					
<u>U.S. DEPARTMENT OF JUSTICE:</u>					
Passed through District Attorney's Council:					
2016 Justice Assistance Grant	16.738	2016-DJ-BX-0736	-	14,334	14,126
2016 Justice Assistance Grant - Bulletproof Vest Partnership	16.607	2016-BU-BX-1608	-	3,025	2,341
2014 Justice Assistance Grant - Bulletproof Vest Partnership	16.607	2014-BU-BX-1407	-	3,305	270
Total U.S. Department of Justice			-	20,664	16,737
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>					
Passed through Oklahoma Aeronautics Commission:					
Airport Improvement Program	20.106	3-40-0001-013-2014	-	276,346	2,746
Airport Improvement Program	20.106	3-40-0001-012-2012	-	180,000	3,240
Airport Improvement Program	20.106	3-40-0001-014-2015	-	1,741,356	717,612
Airport Improvement Program	20.106	3-40-0001-015-2016	-	345,000	73,299
Sub-total CFDA 20.106			-	2,542,702	796,897
Passed through Oklahoma Highway Safety Office:					
Ada Traffic Enforcement	20.600	PT-16-03-23-08	-	29,800	12,936
Sub-total CFDA 20.600			-	29,800	12,936
Total U.S. Department of Transportation			-	2,572,502	809,833
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>					
Passed through Oklahoma Department of Emergency Management:					
16-17 Emergency Management	97.042	PL-85-606	-	10,000	7,500
15-16 Emergency Management	97.042	PL-85-606	-	10,000	-
Total Federal Emergency Management Agency			-	20,000	7,500
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>					
Passed through Oklahoma Department of Libraries:					
Network Remediation	45.310	2016	-	14,800	12,819
STEM	45.310	2016 ADA	-	1,500	-
Health Literacy	45.310	2017 ADA	-	1,000	-
Total Institute of Museum and Library Services			-	17,300	12,819
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
Passed through Oklahoma Department of Commerce:					
CDBG - Playground Equipment & Zoo Renovation	14.228	16748 CDBG 16	-	94,138	-
CDBG - Sewer Plant Upgrade	14.228	16431 CDBG 15	-	147,302	147,302
Sub-total CFDA 14.228			-	241,440	147,302
Special Project Grant - Water Tower	14.251	B-10-SP-OK-0003	-	600,000	-
Sub-total CFDA 14.251			-	600,000	-
Total U.S. Department of Housing and Urban Development			-	841,440	147,302
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>					
Passed through Oklahoma Water Resources Board:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ORF-15-0001-DW	-	1,196,042	1,196,042
<b>TOTAL FEDERAL ASSISTANCE</b>			-	<b>\$ 4,667,948</b>	<b>\$ 2,190,233</b>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Year Ended June 30, 2017*

**(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Ada, Oklahoma (the “City”) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Federal awards expended as reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

**(3) SUBRECIPIENTS**

During the year ended June 30, 2017, the City did not provide any federal awards to subrecipients.

**(4) INDIRECT COST RATE**

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2017.

**CITY OF ADA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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*Year Ended June 30, 2017*

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**SECTION I—SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States:

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Type of auditors' report issued on compliance for the major federal programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.561(a)?

Yes  No

Identification of major federal programs:

<b>Federal CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
<b>20.106</b>	<b>U.S. Department of Transportation/Federal Aviation Administration/Airport Improvement Program</b>
<b>66.468</b>	<b>Environmental Protection Agency/Capitalization Grant for Drinking Water State Revolving Funds</b>

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee?

Yes  No

**CITY OF ADA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

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*Year Ended June 30, 2017*

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**SECTION II—FINANCIAL STATEMENT FINDINGS**

**None noted.**

**SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None noted.**



**CITY OF ADA, OKLAHOMA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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*Year Ended June 30, 2017*

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There were no findings or questioned costs noted in the audit report for the year ended June 30, 2016.